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The University of Minnesota

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ECONOMIC ADDRESSES

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BY

WILLIAM WATTS FOLWELL, LL.D.

Professor of Political Science Emeritus in the University of Minnesota

MINNEAPOLIS
Bulletin of the University of Minnesota
July 1918

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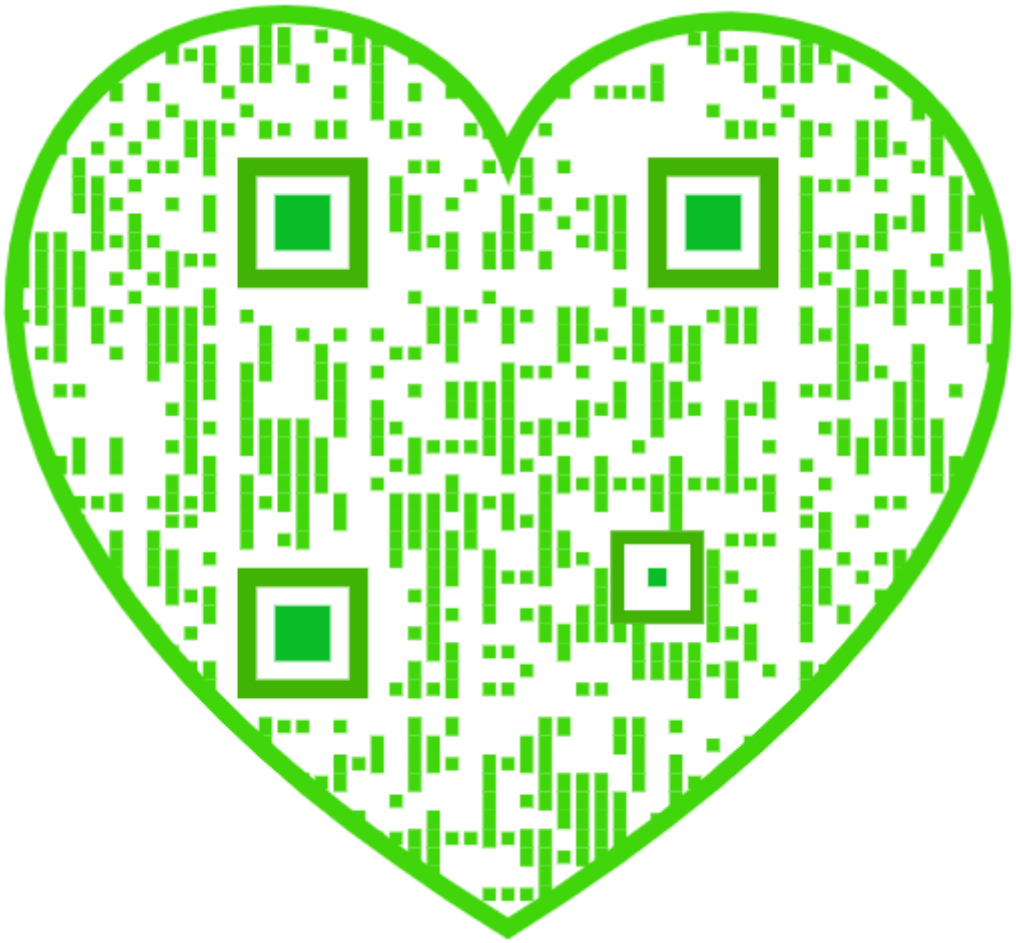

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THE ETHICS OF BUSINESS

The following address was prepared for and used as one of a series of lectures offered by the University Extension Department of the University of Chicago, in the winter of 1905. It was given in Des Moines, Iowa; Kansas City and St. Joseph, Missouri; Saint Paul and Minneapolis, Minnesota. It was later delivered before various audiences.

For a discussion which must close before bedtime, a speaker may not follow the example of Diedrich Knickerbocker, who began his famous History of New York with the creation of the world. We are obliged to assume that some things have been settled. I will ask that these four be so assumed:

First, the institution of private property; second, the right and duty of organized society to control that institution; third, the advantages, individual and social, of the division of labor; fourth, the advantages, individual and social, of exchange. These granted, it is evident, or will be after a little reflection, that at some time in the social evolution the trader must appear.

Before the trader, however, came the market. The researches of Sir Henry Maine and others have revealed the origin of the market, for the Aryan or Indo-European family of mankind at least. Within those primitive village communities into which our remote ancestors were grouped, the exchange of products was merely a matter of neighborly accommodation. This man had fish, a kinsman had game, to spare. They exchanged. Both were gratified; neither thought of an advantage gained over the other. Doubtless custom, which in primitive communities stands for law, moderated the trifling transactions.

Exchanges, however, arose between adjoining communities and a custom grew of resorting to convenient gathering places on the common border line—the *mark* they called it. Here on the mark—the *market* came to be held at customary times and seasons. Here the dealings were no longer those of fellow tribesmen, but of strangers; and, among all primitive men, stranger and enemy were the same. To get the better of the bargain was not merely allowable, it was meritorious. Unmitigated competition was the rule of the market, and absolute title passed to every article which changed hands.

"The general rule of law [the common law of England], is that all sales and contracts of any thing vendible in fairs and markets overt,

[that is, open], shall not only be binding between the parties, but also be binding on all those that have any right or property therein."[1]

But, the gathering of the clans for purposes of barter could not continue indefinitely. That meant the suspension of industry, absences from home, and weary marches. It meant great loss of time and anxiety while demanders waited on the market for suppliers who should possess the specific goods desired, and themselves be wanting the articles offered by the parties of the first part. Long delays occurred while the parties were pairing off and often the sun would go down on many who had waited in vain.

Plato in his *Republic* has perfectly described the remedy for such a state of things.[2] The merchant—the marketman—appeared. Pitching his tent or booth at some ford or cross-roads he announced himself as a general receiver and distributer of commodities. Had he come bare-handed his advertisement would have been mere wind. He did not come empty-handed. He brought two bags, which gave him a power beyond that of any magician—a bag of money, and a bag of weights and measures. Standing behind his pile of coin, with his balances and weights and cubit measure, he could do business. He could buy of all sellers, and sell to all buyers, in any desired quantities. Did the trader invent these tools of his craft,—measures and weights; and coins, which are a species of weights? This question is disputed. My guess is that he did. If so, how great a debt is due him! Can you think of any invention of greater moment to humanity, except that of language?

Because the primitive market was open only on certain days, probably determined by phases of the moon, the early merchant was itinerant and journeyed from market to market. He took with him his two bags, and such merchandise as he might expect to sell or exchange at the next stand. Here we have the origin of the mercantile fairs of the Middle Ages, of which we have notable survivals still in the book fair of Leipsic and the great general fair at Novgorod in Russia. Although the local market place and day, and the traveling merchant continued in existence much longer than most of us would suppose, they have disappeared. Every city, village, and hamlet is a market place; all days but Sundays are market days; and

merchants are resident. Substantially the whole civilized world is a market all the time. Some five millions of our countrymen are employed in the handling, the moving, and sale of goods,—about sixteen and one-half per cent of the working population.

The establishment of the market, with its coin, weights, and measures, was one of the great landmarks in the history of man, and its development and extension have set the pace for the march of civilization itself. Doubtless Adam Smith was correct when he said "it is the trucking disposition which originally gave occasion to the division of labor," having already argued that it is the division of labor "which occasions . . . that universal opulence"[3] which exists in modern society. One might safely say that the market created industry. Where there is a market, continuous and universal, goods are made to sell. Barter with its exasperating limitations as to place, time, the parties and their needs, disappears. Industry goes on every day and steady streams of products flow like rivers to the all-receiving ocean.

We have spoken as if money accompanied by weights and measures was used by the primitive trader as a mere tool only, an intermediary commodity to facilitate exchanges, a "medium of exchange." He and his clients, however, found another use for money, of equal account, at least. It served as a guide and norm to the judgments and estimations of buyers and sellers. Money became a "standard of value"—a phrase convenient, if not quite exact. Accordingly, the phenomenon—the outward fact—of *price* appeared, and along with price the comprehending idea of value which pervades not only the market, but all society. Value is only and always an idea,—a thing of the mind.

I submit the suggestion that price and value have no practical sense, unless in connection with a market, and merchants trading there. The fact of price and the idea of value emerge in the field of exchange, not in that of production. It is a socialist heresy—their fundamental one—that Labor produces value, Capital, none. "Hence," says the socialist, "capitalists are parasites, if not robbers." The truth is, that Labor and Capital, coöperating on and with Nature, transform raw materials into consumable goods and transport them to consumers.

Whether value shall be attributed to them, and price appear, will depend on what happens in the market. If nobody wants the goods, the producer only makes a laughing stock of himself by clamoring about the labor he has undergone; and the capitalist, bewailing a lost investment, is equally ridiculous. If a change of fashion crowds the market with buyers, the labor cost "cuts no figure" in making price, as everybody knows.

It is in the market then, and not in the field or the shop, that prices are made. The determination of "just price" was a problem which allured and defied theologians of the Middle Ages. In vain their prayers, exhortations, and excommunications; their canons and decretals. The market resisted and ruled. Legislators have in many ages presumed to establish prices by statute and ordinance, whether for commodities, or labor, or the use of capital, mostly to no purpose, or worse than none. Laws may declare prices; they can not make prices. Our modern usury laws furnish abundant illustration of this. Forces mightier than statutes make prices. These forces meet and contend in the market, and contending they coöperate. We call them, for shortness, *demand* and *supply*.

These familiar terms are not always used in their proper sense. By *demand* the political economist means a body of persons appearing in a market, desiring to obtain goods or services for which they have something to offer in exchange; by *supply*, another company who offer goods or services, desiring to receive their equivalent in exchange. Under a money-economy, *demand* is a requisition on the market for goods or services by those who have money to buy with; *supply* is the offer on the market of goods or services in exchange for money. Demand brings money to take away goods. Supply brings goods to carry off money. Mere desire or need of things does not amount to demand; the mere possession of goods does not constitute supply.

The Silverites of 1896 insisted that there is a universal and unlimited demand for money, because people everywhere like to have money. Logically they should have contended for a correspondingly universal and unlimited supply of money. They were not so absurd—they asked only for some more. Only those demand money, who have something to give in exchange for money. Demand and supply, as thus explained, make prices in

the proper sense of the word. A rate, a stipend, a tariff, may for a time be set up by some political or other authority. But let the matter get into the market, and demand and supply will promptly supersede authority, establish economic equations, and exhibit prices and wages proper.

Price, then, the market equation of social valuations, is the outcome of successive and expected scrimmages between teams of demanders and suppliers, and the merchant is umpire of the game. He moderates between the exalted expectations of producers, and the grudging concessions of consumers. It is his function to ascertain the probable amount of goods on, or to come on, the market, and the probable amount which consumers will take on terms satisfactory to producers. The effect is to attract and maintain in the market a normal supply of all desirable commodities. The merchant thus plays the part of a prudent ship captain who husbands the provisions according to the exigencies of the voyage.

The continuous and perennial performance of this function has resulted in the establishment of what is variously called "market price," "customary price," "normal price," or a "general level of prices." Thanks to the moderating offices of the market, producers are constantly retiring from enterprises less remunerative, to engage in others promising larger returns, constantly aiming to supply the market with desired goods in such quantities as will yield the highest profit. The market thus becomes an economic balancing force. It continually directs industry into ever more profitable channels, and at the same time warns against over-production in any line. The market is the barometer of industry.

The further and natural result is a certain *stability of prices* which, familiar as it is, is a truly wonderful economic phenomenon. Whoever will examine the market statistics of any considerable period for which they exist, will be surprised, if, for the first time, he notes the remarkable uniformity of price in any and all staple articles of human use, and the generally gradual shifting of price level. He will, it is true, find epochs of revolution, but they are not frequent. Stability is the rule; great and sudden fluctuation, the exception. The waves of the market, like those of the ocean, do not disturb the general level.

Every modern taxing system presumes a general and stable level of prices. Without that the burden would be intolerable.

"Stable prices are a necessary condition of social progress," says Professor Simon N. Patten.[4]

This stability of prices is as beneficent as it is wonderful. Without it, modern great production and commerce would be impossible. With it, the producer may plan and work in reasonable expectation of reward, and the consumer may adjust his expenditure to his income. The economic relations of men, of associations, and of states become rational and orderly. Indeed the stable prices of civilized countries may be taken as a chief mark of their distinction from semi-civilized and savage peoples. This statement just made in regard to stability of price will be supported by any one present who has had occasion to make a purchase in an oriental bazaar, spending a morning in higgling and then paying three to five times the local price. The time-saving consideration of prices and price uniformity is of immense importance. "Money," said Carey (he should have said "money in a market") "saves millions of billions of minutes." With good reason, then, does the daily newspaper give its page to market reports; the weekly and monthly trade journals condense and compare the daily figures; and annual and decennial quartos tabulate and sum up for their respective periods.

I have thought it worth while to trace the development of the petty fair of the full moon into the great world market of modern times, and the transformation of the primeval huckster into the resident merchant. I have not described, and can not, the vast apparatus for packing, storing, and transporting the countless millions of tons of merchandise constantly appearing on the market, nor of the monetary and credit facilities indispensable to trade.

These taken with market transactions, constitute *business*, as distinguished from *industry*. It is with business that we are just now concerned. We need not seriously entertain the contention formerly heard in certain political discussions—that the middleman is superfluous and ought to be eliminated. We have been arguing and, I trust are agreed, that the middleman is an indispensable social agent, without whom civilization

would be impossible. We can not, therefore, consent to abolish the trader. Let socialists do that.

But it will be said, the business man is a bad man, and needs reformation. This is no new insinuation. The records of antiquity are full of testimony to his ill-repute. "The Persians," says Herodotus,[5] "held trade in extreme contempt. Shops were not allowed in public parts of towns. Only the lowest of people were traders." A Greek prince might be a carpenter but not a merchant; a pirate was much more reputable.[6] Aristotle held trading and usury alike in great contempt, and advised that traders be compelled to reside and do their business in a special forum, separate from that in which the public assemblies were held.[7] Spite of the fact that a strong mercantile class existed among the Romans, that people had no higher appreciation of it than had the Greeks. Cicero declared the gains of merchants to be mean and illiberal—and merchandising itself a badge of slavery.[8]

> "Those who buy to sell again as soon as they can are to be accounted as vulgar; for they make no profit except by a certain amount of falsehood. . . . Commerce, if on a small scale, is to be regarded as vulgar; but if large, importing much from all quarters, and making extensive sales without fraud, it is not so very discreditable."

The Hebrew prophet, Hosea,[9] voices the judgment of his people and day: "He is a merchant; the balances of deceit are in his hand; he loveth to oppress." And another Hebrew prophet, Amos,[10] denounces those who make "the ephah small and the shekel great" and falsify "balances by deceit," so as to "buy the poor for silver and the needy for a pair of shoes." When Jesus drove out the buyers and sellers from the temple, and overturned the tables of the money-changers, He declared to them that they had made the house of prayer a den of thieves. English "society" still shuts its door to all who live by trade.

Such extreme denunciations as these are rarely if ever heard in modern times; but is it not true that society is permeated with a feeling that commercial success and strict integrity are hardly compatible? Is not the trader expected to be "sharp" to the verge of falsehood and fraud? This is certainly an awful arraignment. It squarely raises the question involved in the topic assigned us for to-night's discussion—"The Ethics of Business."

Ethics is a name of Greek derivation, for one of the oldest of sciences,—the science of conduct, closely allied to law,—the other side of law in fact,—which early became a study by civilized men. Hindoo, Hebrew, Egyptian, Greek thinkers, to their great credit, inquired into sanctions of conduct and sought for guiding principles of life. Middle-Age schoolmen kept up the quest, and handed it on to modern philosophers, who, divided into opposing camps, are still bombarding one another with a fury akin to that of contending religionists. Intuitionists clash with empiricists, hedonists oppose themselves to rationalists, and evolutionary utilitarians draw the fire of all parties with unwelcome propositions of compromise.

Happily for our purpose we have not to arbitrate nor compose the perennial contentions of moral philosophers. All schools agree in these three things: (1) that all human beings do form judgments as to conduct; (2) that they are constrained by feeling to govern conduct according to such judgments; (3) that they do so govern conduct. All further consent that men know that they do these three things. All developed languages have a word which comprehends and connotes the three. In English it is the word *Conscience*. It is a comfortably elastic term perfectly suited to the every-day use of the wayfaring man, and worries nobody but philosophers. To repeat—the essence of conscience is (1) conscious judgment as to conduct; (2) the rising of the appropriate emotion; (3) the resolution of will to do the thing which ought to be done, or leave undone the thing which ought not to be done.

At the risk of tedium it is important to remark that the word conduct has no practical meaning for the individual man. The preposition "con" suggests the social man. Conduct is the guidance of human action in mutual "life and conversation." Our actions on things without life, have no moral quality. There is no right or wrong in physics or chemistry. Towards men, all actions have an ethical aspect, for we live and move and have our being in social groups.

The whole world for all time has been a training ground for the practice of conduct. The moral judgments of men have been embodied in habit and custom, in tradition and proverb. Rights and correlative duties have been recognized, and scheduled, and sanctioned by the power of the state. They form the

substratum of law. The cardinal obligations of men were graven by the Divine Finger on imperishable stone, and published to Israel, not as just, because commanded; but commanded, because just. All these—tradition, the law, the decalogue, witness to the moral law written forever in the hearts of men.

Rarely has it been suggested that any man or class ought to be exempt from this law. Machiavelli proposed that the prince[11] as the head of the state, should be free to do wrong if the interests of the state seemed to require; and Machiavelli is infamous. Napoleon claimed to be an exceptional character, free from moral constraint—and the claim has not added to that chieftain's glory.[12] I have never heard it claimed that the mercantile class ought to be set apart and permitted to regulate conduct on exceptional principles. To the credit of that class it must be said it has never claimed exemption. The veriest cheat who ever sanded sugar or palmed off the wooden nutmeg has had his extenuation ready.

The much derided milkman is by no means without conscience, as witness this from Harper's Bazar: "James," said the milkman to his new boy, "d'ye see what I'm doin' of?" "Yes sir," replied James, "you're a-pourin' water in the milk." "No, I'm not, James, I'm a-pourin' milk in the water. So, if anybody asks you if I put water in my milk, you tell 'em, 'No.' Allers stick to the truth, James."

There is a profound if recondite truth in the French proverb, "Qui s'excuse, s'accuse." He who excuses himself, accuses himself. Any apologist confesses.

Many an amiable shopkeeper justifies himself in floriated and extravagant advertisements by a feeling that somehow, in Paddy's happy phrase, "the truth don't fit." Whether the trading class has any notable eminence in departures from rectitude is a question for the jury—and this audience may, if it so please, take that part. My counsel is to deliberate patiently before declaring your verdict.

We shall do well if we remind ourselves at once of certain cautions to be observed when we come to forming moral judgments. Voluntary actions only, as already suggested, come within the sphere of ethics. No one can be held responsible for action which is enforced, or prompted by insane delusion. Allowance has always to be made for pardonable ignorance, for surprise, for overmastering temptation, and for bad education and example.

The trader occupies an exposed and critical position. A little while ago I spoke of him as the umpire in a game of exchanges, played by producer and consumer. That statement needs correction. The trader is not a disinterested moderator of the sport; he has a deep interest in the game, and it is adverse to those of both parties. He gains on one hand by lowering price to the producer, and on the other by raising it on the consumer. He thus stands a good chance of getting the ill-will of both. As an intermediary proprietor he must assure himself of the measure and quality of goods acquired, and stand responsible to customers to deliver what he has bargained to them. It is not always the merchant's fault that shoddy and brummagem are brought to market. He may of course connive in the fraud. Herbert Spencer's fearful catalogue of rascality in his essay on *The Morals of Trade* is chiefly devoted to an enumeration of the shams and adulterations prepared by manufacturers in the expectation that traders of easy virtue will work them off on a public which prefers cheapness to honest goods.[13]

The merchant's calling is indeed a precarious one. The shrewdest natural talent for merchandizing, exercised with unsleeping vigilance, does not suffice to avert losses and even collapse. He must expect, and so far as possible, provide against loss from undue extensions of credit, from sudden avalanches of goods onto the market, from freaks of fashion which may leave shelving and storage crammed with valueless stuffs, from the irruption of new competitors, from the underselling of piratical "combines," and from disturbances in the money market, arising in distant cities, and possibly, in foreign lands. We count those men of business fortunate, who outride the waves of one of our great periodic commercial crises.

I can not believe the oft-repeated estimate, that ninety-five or ninety-six out of every one hundred men who engage in business, fail, to be anywhere near the truth. It is, however, the exaggeration of a truth, that some large proportion does succumb to the risks of trade. Modern bankruptcy laws indicate a public opinion that business failures must be numerous, are inevitable, and are not generally due to dishonesty. From all this it is to be inferred that if the trading class is less honest than others, it is to mighty little profit. On the main question

David Harum would do well to preserve a discreet silence, and the manufacturers of oleomargarine, filled cheese, and mixed flour had better throw no stones. It might turn out that the merchant merely improves his more frequent and insidious opportunities for crookedness.

And the newspaper man, breaking a commandment of the Decalogue and a statute of the state more than fifty times a year, has he any good ground from which to arraign his neighbor for sharp practice in trade?

The newspaper man, I am bound to add, by the way, has an apologist in the person of a near relative of Mr. Dooley, the well-known Chicago saloon keeper who has lately enriched the literature of American humor. Says this unknown apologist of the much-maligned newspaper man, "Shaughnessy, I'm ashamed of your stupidity. Do youse not know that the newspaper man is both seduced and intimidated. It's foorced he is by an irresistible public demand, including reverend clergy and ruling elders and by pew-holders galore who would reduce the whole printing office to original molecules if they couldn't get their fill of Sunday advertising. The Christian publisher is foorced to get out the Sunday edition, to prevent the devil from occupying the whole field. And there's the more, that the Christian matron must and will have the comic supplement to keep the children from raising ould Cain and disturbing their father while she is lingering in the sanctury wid her seal sacque and picture hat. Let me hear no more of yer nonsense. What's the additional fifteen per cent and more of business profits, but a just and reasonable compensation for the violence done to the conscience of the poor newspaper man foorced to go ferninst his conscience?"

This levity may be misplaced,—but the newspaper man is entitled to his hearing and the public is bound to take its full share of responsibility for broken law, if any there be.

It was long a wonder to me how a society permeated with falsehood and covetousness, could cohere and remain in existence. On a late visit to one of our island possessions I found the secret, and I don't mind confiding it to you. It is this: where everybody lies, nobody is deceived. I might have learned the same lesson nearer home. A New York City statesman remarked that he could not understand the old story about Diogenes hunting around with a lantern for an honest man. "Are you surprised that honest men were so scarce in Athens?" he was asked. "Naw. W'at I don't see is, w'at he wanted wit 'im."

A merchant of Rhodes held the whole remaining stock of wheat there and the price had been forced to an enormous figure. He alone knew that in three days vessels would arrive

from Alexandria with full cargoes. Query: What was his duty? Was it to reveal his knowledge and sell his corn at the ordinary price? Cicero, the heathen, says "Yes"; certain Christian philosophers have answered "No."

"In my opinion then . . . the corn merchant at Rhodes . . . ought not to have kept his buyers in the dark. As to silence being no concealment, it becomes so, if for your own profit you keep others in the dark as to things that you know, and at the same time concern them to know."[14] The high-minded heathen adds in the next chapter, "Now can there be doubt of the nature of concealments of this sort, and of the character of those who practice them? They surely are not consistent with that of an open, well-meaning, generous, honest, worthy man; but of the crafty, the sneaking, cunning, deceitful, wicked, sly, juggling, and roguish."

For my part I side with the Roman for the reason that the man should outweigh the merchant. But I meant to give only a single illustration of the awful strain put upon a trader. The merchant may well say a loud amen to the prayer, "Lead us not into temptation."

We have now unconsciously drifted to the position that the business class, all things considered and allowed, is no better and no worse in point of morality than the rest of us. But I think it but justice to add that it is among bankers and merchants in the great centers of business where a nod nails a contract for millions, that the most glorious illustrations of integrity, fair dealing, and honor which this world knows, are to be found.

"Perhaps there are no two men living in the world to-day who would make an oral contract involving a billion dollars except J. Pierpont Morgan and Andrew Carnegie. These spirits, each courageous, daring, confident, entered into such a contract." The necessary papers were not executed till some days after.[15]

As to the morals of general society, there is room for discrimination between the statements of political speakers and religious teachers. The stump orator, bowing to the "majesty of the people," never tires of assuring them that they are wise, incorruptible, and capable of deciding all questions of state. The preacher, magnifying his office, and desirous to show us our true "state and standing in the world," assails our reluctant ears with such passages as, "there are none righteous, no, not one;" we are all gone out of the way; sinners by nature and more so by practice, "there is no health in us." Neither the

preacher nor the politician expects his statements to be taken in their bald literalness, and we certainly do not so take them. Still we do well to trust the demagogue so far as he expects us to, and to give heed to the warnings of the preacher, even if we do not believe in total depravity.

The problem of moralizing business then, is but part of the larger problem of moralizing general society. Trite and hackneyed as the word is, I can find no other which comprehends all means of solving both the greater problem and the less than the word *education*—education in schools, in the family, and the social circle, by law and by gospel, by history and biography, and by the example of living men. Turning to the smaller problem, that of moralizing business, it is important to note how tardy the business world has been to call for the assistance of the teacher and school. The physician and the lawyer long ago made their standing in the learned world. The chemist and the engineer have won their citizenship in the republic of learning. The farmer has got his foot over the threshold. But the man of business has raised no clamor for more light and more science in our country. I have nothing to say which might discourage the business schools or colleges already found in all our considerable towns. They are doing a useful service and have won their way with little sympathy, and often against the resistance of the merchants. But there is need of a higher and wider schooling than they have yet aspired to give. They are concerned with the mere tricks of trade—with the mechanical routine of the counting room, the warehouse, and the bank. The business college itself calls for, and society needs, a more generous education,—one which opens out on the great world, past, present, and future, which shall develop and train the intellectual powers, and inform and inspire the moral faculty. There is no reason why the merchant should not hold up his head with all learned doctors.

Here I need not argue. Already a few of our more enterprising universities have opened their doors to the higher commercial education. The fashion will spread, and we shall presently get the hang of the new pedagogy. A recent gift to one of these institutions was made with a condition that business honor and morality shall be illustrated and inculcated. In the next generation we should have a body of business men trained

in languages and history, in geometry and many sciences, in political economy, in transportation and public finance, and in business law. The Germans have been for some years training young men for world-business, and the graduates of their schools are called to London and New York to fill high positions in great houses. May we not rightly expect at length to find in the market greater wisdom and a higher moral tone? Men trained in the schools I hope for, will know that fraud does not pay and honesty is something else than a policy.

Meantime there are betterments of trade morals going on, which are both a cause and a consequence of trade customs. The one-price plan, may be mentioned, which places all customers on an equality. In my boyhood the making of ordinary purchases at a store was called "trading." The customer expected to haggle, and hoped to get a lower price than his neighbor. The adroit salesman counted for much in those times. The custom of wholesaleing by samples shown by commercial travelers, speaks loudly for the integrity of merchants. Goods so sold rarely, unless by some accident, fail to correspond to the samples. The extended use of trade marks and brands gives confidence to consumers, and encourages honest manufacture. The Pillsburys could not afford to market a single barrel of the "Best" flour not up to standard. The virtue of manufacturers and dealers in goods marketed in cans and cartons has been greatly supported by the pure food laws enacted in late years. What a commentary on our Christian civilization that such laws are necessary! The public grading of grain, meats, and dairy products makes for good morals in business. Ought not all staples of consumption to be standardized under public inspection? All such customs are moralizing. There is great need of reform in advertising, especially in print, which costs the American consumer so many hundreds of millions a year, and the government a good round sum for virtually free postal distribution. It is but just to say that there has been great reform, but there is room for more.

We need not pursue the special education of the business class. That will at length take care of itself. Meantime the general moralization of all classes must go on, and serve as an atmosphere in which the moral improvement of any class may be possible. Here comes the amiable socialist to say that the moral-

ization of general society is impossible where competition exists. Only in the collectivistic state, where there will be no buying and selling, where profit will be impossible, where private ownership will be so curtailed that nobody will be covetous, and where greed must shrivel and vanish, can men be truly moral in their economic relations. I blame no socialist for his dream and longing for a heaven on earth. If we could be sure that Socialism could perform a tithe of what it promises we should be without excuse if we did not vote it in to-morrow. But the doubt about that and the certainty that no great state will or can undertake the experiment of state socialism, within any period which can be estimated, may justify us in politely shutting the door on the seductive Marxian, "charm he never so wisely." We must grind along in the old rut of individualism, moderated by social control, and I suspect that our ethics will be of a robuster sort than that of a collectivistic state from which the struggle for existence would be mostly eliminated.

Next comes the churchman to claim his immemorial right to educate. There is no genuine morality, he claims, unless founded on the orthodox faith and sanctioned by penalties reserved in a future world. The moral education, he contends, is of such overwhelming importance that the subordinate intellectual training ought not to be separated from it, and both should be under ecclesiastical direction. There are many who hold to this tradition. To the churchman, as to the socialist we are obliged to say "We can not wait for you. The triumphant unity and purification of the church is too far away. Meantime internal dissension exhausts her powers and disenables her from the task of educating the whole people."

And there are those who traverse the plea of the church and allege that moral, as well as intellectual, training can be more effectively given on the foundations of science and experience, than on that of any religion. However that may be, general society which has undertaken the education of the intellect, will be constrained to essay that of the conscience. We may resent the claim of the ecclesiastic that he alone should be entrusted with the training of our children, and at the same time concede his major premise that training in morals must go on along with secular instruction. The truth is, the two are inseparable. Every schoolroom is a forum in which conduct is illustrated.

No teacher can help being a guide of life to his pupils. I must not fail here to commend for the instruction of young school pupils the book of the late President Emerson E. White, especially Part Two entitled *Moral Training*. Also the book of Dr. Felix Adler on *Moral Instruction*. For grown-up students and all adults Cicero's treatise entitled *De Officiis* has not been surpassed. It was written for his son when a university student at Athens. Translations are plentiful. That of Dr. Peabody of Harvard is excellent.

It is perfectly practicable for the teacher, without trenching on sectarian preserves, to expound and illustrate the conduct which is noble and just, and show how character is built up by good habits. What is more, he may constantly reinforce conscience by alliance with taste, our aesthetic nature,—and thus demonstrate "the beauty of holiness." The daily walk and conversation of every teacher should be a continuous object lesson, more effective than any preachment of those cardinal virtues scheduled by Plato, and inculcated by every moral philosopher who has since lived: Temperance, Courage, Kindness, Wisdom, Justice.

In a democracy there is no education of so great importance as that which leads to the recognition of *rights*, and of the duties which of necessity correspond to rights. The concession of rights and the discharge of duties form, if not the whole of conduct, one half or one third of it. I have long been of the opinion that excellent moral instruction can be given out of our civil penal codes. The youngest child in the grammar school can be taught what courses of conduct the law denounces as crimes or misdemeanors, and why the state has provided punishments for them. The school master need by no means confine himself to the criminal law; the civil law abounds in material for his use in teaching right conduct. Let us take two illustrations. The first shall be that law of the person which guarantees to every American citizen the dearest of his rights—the right of personal liberty. I mean the "Habeas Corpus Act" as the English term it, which defines and sanctions "the privilege of the writ of Habeas Corpus." Under this law any person who is restrained of his liberty may apply to the courts for an immediate inquiry into the reasons for his detention. If none is found, the applicant is entitled to immediate release. A heavy

penalty awaits judge or sheriff who fails in his duty. Without this right of "summary appeal for immediate deliverance from illegal imprisonment," our bills of rights would be waste paper.

The Minnesota Habeas Corpus Statute forms Chapter 81 of the General Statutes of 1913. The essential provisions are:

Every person imprisoned or otherwise restrained of his *liberty*, (except persons duly committed or convicted) may prosecute a writ of Habeas Corpus.

The form of the writ is:

The State of Minnesota to the sheriff of etc.

You are hereby commanded to have the body (habeas corpus it was in old law Latin), of C.D. by you imprisoned and detained, as it is said, ... by whatsoever name the said C.D. shall be called or charged, before.....judge of the.....court, at..... on ..... the.....day of.....to do and receive what shall be then and there considered concerning the said C.D. And have you then and there this writ. Witness etc.

The penalty for wilful refusal by a judge to grant the writ when legally applied for is $1,000. A sheriff who refuses or neglects to produce C.D. and return the writ may be committed to jail till he complies. It is the duty of the judge immediately after return of a writ to examine into the facts, and if no legal cause for imprisonment is found, to discharge the prisoner. For neglect or refusal the judge is liable to impeachment, and upon conviction to removal from office. A sheriff or other officer neglecting to discharge a prisoner, whose release has been ordered is liable to a fine of $1,000 and special damages as shown.

Our second illustration shall be "The Statute of Frauds," found in the law of property of all our Anglo-American states. The object of this famous statute is to require all contracts of serious importance, or extending over considerable periods of time to be committed to writing and vouched by signature: so that neither party, if disappointed in his bargain, may claim there was no bargain, or if there were one, its terms were such as he may dictate. In our day and country we are so wonted to the beneficent operation of this law that we have become unconscious of it. In proof that I do not exaggerate its importance, let me give the opinion of that great American jurist, Chancellor Kent. "The English Statute of Frauds and Perjuries carries its influence through the whole body of our jurisprudence, and is in many respects the most comprehensive, salutary, and important legislation on record, affecting the security of private rights."[16]

The Minnesota Statute of Frauds forms Chapter 68 of the General Statutes, 1913. The essential provisions are:

1. All conveyances of land real estate must be by deed in writing.
2. Contracts for the sale of personal property are void, unless
   a. In writing signed by the party charged,
   b. Or goods delivered in whole or part,
   c. Or purchase money paid in whole or part.
3. There are certain oral agreements which are not declared void, but for which no prosecutions are tolerated. These are
   a. Agreements running for more than one year,
   b. Agreements to answer for the debt, default, or doings of another,
   c. Agreements in consideration of marriage.

Any intelligent boy or girl of twelve could grasp the main purposes and benefits of these laws, and the knowledge would be far more useful, and quite as interesting as the history of the Ancient Persians, the solution of cubic equations, or the scanning of iambic pentameters. I can think of no solider foundation for the inculcation of practical morality than such laws.

Other materials there are in abundance for the use of the teacher of morals. I can mention only literature—especially the literature of song, of parable, and of proverb, all crowned by the treasures of the English Bible. I trust that we have kept in mind the truth that morality is not a matter of the heart alone—that it takes right knowing to awaken the right feeling which in turn can rouse right willing.

There is another education of the whole society most necessary—an economic education. I am not about to recommend that political economy be introduced into our common and graded schools. That may wait till political economists come to an agreement as to what that science embraces, and I suspect that agreement will have the same date as the complete unification of theologians as to the content of the orthodox faith. No, I mean something simpler, and practical—an economic training of children in both school and family. Our children should be early taught the qualities and merits of economic goods, of houses and their furniture, of domestic animals, of clothing, foods, and merchandise of many kinds. They should learn to distinguish the genuine from the spurious, the tasteful from the tawdry. They should be entrusted with money and sent to the market to buy, and encouraged to form

sound opinions as to prices. Fortunate are those children whose parents can give them opportunity to earn money by labor. The boy who has earned a dollar by the sweat of the brow has a sense of value and utility impossible to the one who has not labored. The man who has not labored has not been educated and knows neither himself nor the world.

All children should be taught to postpone the good of to-day for the better of to-morrow. They should be trained to the saving habit, and to make it a matter of conscience to provide against the rainy day, against old age, and possible earlier incapacity for work. The postal savings banks now being established contribute to the economic education we are considering. Abstinence from useless and injurious luxuries should be inculcated in every family and every school. Thanks to a crusade preached by a body of brave earnest women, the laws of many states already require instruction in the effects of alcohol on the human system. We are still concerned with the economics of a species of luxurious consumption which costs the country much more than a billion dollars a year, with nothing substantial to show for it. Shall we include in our scheme abstinence from tobacco and other narcotics? Logically we ought to, but what is the use of preaching when the public men of the country neutralize it all by their example? I have long been accustomed to say to my men students: Smoke tobacco if you like it and think it shows you manly. I have so far shunned the habit, but I can not believe the practice wholesome or cleanly. But please yourselves; I have no sermon to preach to you, so long as the governor of the state, the bishop of the diocese, and the president of the university set you the example.

Nevertheless the General Statutes of Minnesota under the head of "Crimes against morality, decency, etc.," provide that every school pupil under age who shall smoke or use cigars, cigarettes, or tobacco in any form in any public place shall be guilty of a misdemeanor, and be punished for each offense by a fine of not more than ten dollars, or by imprisonment in the county jail for not more than five days. And any person who furnishes a minor pupil with tobacco in any form is guilty of a misdemeanor, and may be punished by a fine of fifty dollars or thirty days imprisonment.[17]

Finally, the art of bookkeeping should be taught to all along with writing and arithmetic. This system of personal and domestic statistics is certainly of importance to every member of society. The practice of account-keeping begets frugality, keeps peace between neighbors, checks extravagant expenditure, and keys up honesty all round. Albert Gallatin thought a Secretary of the Treasury would do well to understand bookkeeping.[18]

Such economic training of children would do much towards moralizing society and the market.

But, training is not enough. Sound judgment must be reinforced by adequate knowledge. That would be an ideal market where large numbers of demanders and suppliers resorted, each and all perfectly informed as to all conditions affecting values. It would then be equally impossible to gull sellers with suggestions of glut, or deceive buyers with insinuations of scarcity. Such a market there has never been, and the trader has been to a degree to blame for it. The articles of apprenticeship in vogue for centuries have bound merchants to instruct their apprentices in "the *art* and *mystery*" of merchandizing. The merchant has ever studied how to involve his transactions in mystery. He does not take the public into his confidence, and the public, apathetic and incurious, remains in deep ignorance of the qualities of goods, the range of supply, the cost of production, and other conditions which affect price-making.

The ideal market will, of course, never exist on this planet; but there may at length be something like it. Thanks to the market reports of the daily and periodical press already mentioned, we are on the way to it. The casual newspaper reader thirsting for "scare" news, little appreciates the immense social and economic importance of those repulsive pages. As already suggested, they contribute towards that stability of prices which is so great a desideratum. But market reports are prepared and published in the interest of business men. We need an apparatus which at all seasons shall keep the whole people informed upon the state of industry and commerce the world over. No private agency can be trusted with that eminently public service. The call is for a great public economic intelligence office, for the National Department of Statistics which is to be and has begun to be. In the perfected state of the future,

when jails and prisons and penal codes shall have become unnecessary, when wars shall have ceased, and the nation can save the three hundred and fifty millions now annually spent on war preparations and war consequences, the department of statistics will be the leading one in the national, state, and local governments. When, through its agency, the whole people shall be promptly and constantly informed of all market conditions (so far as men can foresee them), no trader can deceive his customers, no clique of speculators can rig the market. What a support to virtue will such knowledge be!

But knowledge is not enough. It must be crowned with wisdom,—that wisdom which is better than the merchandise of silver and more precious than rubies. If our people or any people are to attain to that high plane of living where wisdom is the principal thing, they must quench the wild, insane passion for riches which now possesses them and cease from mammon-worship. They must cease from envying and imitating the insane luxury of some millionaires, and must learn that the idle-rich are useless and contemptible parasites. We need, all of us, to put into practice a truth we all profess,—that the possession of wealth imposes obligations to society under whose beneficent guardianship the rights of property are guaranteed. Wealth is no charter to prodigality, or idleness, or lust. Sound political economy and religion alike make wealth a trust, and its owners, trustees. Slow as the process is, we can and must hope for a day when our whole society will be moralized. Then the merchant can no more say that it is impossible to do business and speak truth with his neighbor.

Up to this point in our discussion we assumed an ordinary course of things and have taken no note of the changes and chances of this mortal life. Of these chances, men of business may not be so careless. Stationed on the economic watch towers, they must be unceasingly alert to note the effects of wet and dry; of heat and frost; of foes, vegetable and animal, to the growing crops at home and in distant continents; of the discovery of new mines and deposits, especially of the money metals; or the exhaustion of old ones; of strikes and lockouts in the labor field; of new customs as to hours of toil and limits on output; of pestilences and famines; of monetary contraction or expansion, and commercial crises which in recent times are

frequent and perhaps periodic; and above all, of those changes of fashion of which there is no science nor prevision. Long experience and trained powers of observation may enable them to estimate the force and directions of ordinary winds and currents and to trim their sails accordingly. Still, in all business there must ever remain a big element of uncertainty. The trader must ever be taking great risks, and all right-minded people will concede him generous compensation,—wages for his labor, interest for his capital, profit for his risk and responsibility.

How far from the minds of speaker and audience was the thought that within a decade our peaceful country would be raising an army of two millions of soldiers and expending twenty billions of money in a single year of preparation for a war on another continent. The effect on business is too obvious for remark.

But there are mingled with honorable men of business, those who are not looking for mere legitimate gains. Such are not in business for service but for plunder. We call them *speculators*. This is a word of Latin derivation and from a root meaning to *see* or *behold*: hence to watch or lie in wait for. The figure is that of the eagle who watches for the fish-hawk rising from the water, with his food, and swoops down to rob him. The speculator exists in many varieties; one deals in actual commodities and gains by cornering or overloading the market; another trades in fictitious commodities, with no expectation that any goods shall change hands; still another capitalizes hope and hot air. Except in form—hardly in that—speculation as we now describe it, does not differ from gambling—the brutal, selfish, unsocial, demoralizing vice, everywhere and always condemned by right-thinking people. To get something for nothing is a species of robbery, even with the other party's consent. If it be asked here "Can anybody draw the line between legitimate trading and gambling?" I am ready to answer: As a matter of casuistry it is difficult; it may be impossible; but, as a matter of common sense and practice, if any man sincerely desires to be on the right side of the fence, he need not lose the flash of a fire-fly in getting there. I think it but just, however, to our speculator to say that he is often under awful temptation, when willing lambs without number are waiting to be shorn.

Another assumption has been tacit in this discussion,—that competition has been free, between man and man. Such competition we have assumed to be essential to a true market, in which an economic democracy exchanging freely, may establish just prices through the natural interplay of economic interests. To engross or forestall the market has always been a crime; and to monopolize it, infamous. It has been the policy of our American commonwealths, following ancient examples, to permit the united action of citizens in industry and trade by incorporation into single quasi-personal associations. Up to the middle of the nineteenth century such permission was granted by special legislative acts called charters. When the railway and steam machinery had made "large production" profitable in many lines, the demands for charters became so numerous and the danger of granting excessive powers so great, that general corporation laws were enacted. The privilege of incorporation now came to be regarded as a right. With superfluous generosity, as I believe, our states, while granting liberal powers to corporations, have relieved them of the responsibilities which individuals and partners are, and ought to be, subject to; thus giving them an advantage, which they have not been slow to turn to account.

One of the incidental consequences of the war of the slaveholders' rebellion was, that it served as an object lesson in organization on a great scale. The most conspicuous illustration was the formation of "combines" for transportation and industry which began within the decade after the war. We can not at this hour enter upon the interesting story of their evolution, from the original trust proper to the last phase of the holding company and the merger. We are only concerned with the last development, the object of which is to guarantee profits by control of markets. The trust has extended its activity from the field of production into that of exchange. Its adventures are mercantile, not merely industrial. Massing a sufficient number of establishments, and operating on a scale resulting in virtual monopoly, the management undertakes to dictate prices to material men, to impose its own rates of wages for labor, and to figure its profits according to what the traffic will bear. In some cases the supply of material has been acquired or brought under control. In many cases the retailer, working

under a factor's agreement, is no better than a hired agent with iron-clad instructions. The question which concerns us, is what is to be the effect of the trust on the market? I submit this answer. In so far as the trust can establish and maintain a monopoly, it obliterates the market. Where there is but one seller who may dictate prices, *there is no market.* Prices become rates or tariffs and assimilate to taxes. There is no equating of social valuations.

It may be suggested here that by reason of economies in production and exchange the trusts can afford to undersell private operators, and from purely selfish interest will refrain from extortion; that they will be content with moderate, because unfailing, profits, and will bless the world with straight goods and low prices. Grant this if you will, but note that in the absence of a market in which competition rules, you have no gauge of prices. In the grip of a beef trust, how can you tell what steaks and roasts are *worth?*

This excerpt from an Associated Press dispatch may illustrate my statement: Pittsburg, Pennsylvania, January 23. "The Standard Oil Company has created a sensation by declaring that hereafter it will fix the daily price of petroleum regardless of quotations on the oil exchanges. . . . The principal buyer for . . . the Standard Oil Company has issued the following notice: 'Buyers: the small amount of dealings in certificate oil on the exchange renders the transactions there no longer a reliable indication of the value of the product. . . . Daily quotations will be furnished you from this office.' "

Grant that all our "combines" are and are to be conducted by just and generous men, ambitious to play the rôle of princely benefactors, will it be well for the people to surrender to them the making of prices? In politics we have learned by immemorial experience that no one class can stipulate for another, and that neither monarchs nor oligarchs, though they claim to be inspired from heaven, can be trusted to rule without constitutional guaranties. I can not therefore sympathize with the declaration of a Christian railroad president to the Pennsylvania coal miners:—"The rights and interests of the laboring men will be protected and cared for by the Christian men to whom God in His infinite wisdom has given the control of the property interests of the country."[19] How absurd and futile is all such talk! Does any sane man believe that American la-

borers are going to place themselves under the watchful care of any oligarchy of propertied men, however sincerely Christian?

In some way and at some time the American people will regain and perpetuate the open market, germane to their democracy, where competition is between man and man. There real prices may be made, and kept stable. Then equity may prevail and virtue be supported. Do you think monopoly can exalt the standard of business morality? Give me the ethics of the open market.

A decade and a half has passed since this paper was written. That effective competition has ceased in some industries is known to all. Many think it can never be restored. Suggestions toward government price-making abound. Still I am not disposed to retract or materially to modify any of the foregoing statements. Governments can not make prices in any proper sense of the word. They can establish rates and stipends, but not prices or wages. Every proposition that I have heard of for government intervention looks to the fixing of rates according to value of services or cost of production. What determines value of services and cost of production? Is it any decree or fiat? A revelation from heaven might possibly do it. The only earthly way to ascertain values is in the open market. Let government assure us liberty and justice in the market and prices will make themselves. That government may determine rates for public service corporations enjoying public franchises, and for monopolizing industrial concerns, whether individual or corporate, on the basis of cost as ascertained in the open market, is a feasible and reasonable proposition.

NOTES

Blackstone, *Commentaries* 1:49.

[2] Plato, *Republic* 3:117. Jowett translation.
——— *Works* 3:51. Jowett translation.

[3] *Wealth of Nations* bk. 1, ch. 3; bk. 3, ch. 1.

[4] *Publications of the American Economic Association* 3:422.
The whole essay is commended to the reader.

[5] Herodotus 1:153; 2:167. Rawlinson ed.

[6] Thucydides I bk. 1, ch. 5. Jowett ed.

[7] Aristotle, *Politics* 1:19. Jowett ed.

[8] Cicero, *De Officiis*.

[9] *Hosea* 12:7.

[10] *Amos* 8:5,6.

[11] *Il Principe* ch. 18.

[12] J. R. Seeley, *Short History of Napoleon the First* p. 254 *et seq.* Boston. 1901.

[13] H. Spencer, *Essays, Scientific, etc.* 3:113.

[14] Cicero, *De Officiis* bk. 3, ch. 12.

[15] Statement of Representative Stanley before House Committee on Rules, April 9, 1911 p. 8.

[16] Kent, *Commentaries* 2:494. 12th ed.

[17] *General Statutes of Minnesota*, 1913 secs. 8674-76.

[18] Writings of Albert Gallatin 1:72. Philadelphia. 1879.

[19] Attributed by newspapers to the president of the Reading Railroad system. Not denied so far as known.

TRUSTS

TRUSTS

This paper was first read before the Minneapolis Board of Trade in the winter of 1900.

It is the modern fashion to study institutions genetically in order to ascertain their nature by learning how they came to be, and to be what they are. The trust is a recent efflorescence from seeds sown, some say by the enemy, in a soil which had been long fitting to receive them. The preparation of that soil began with the application of steam to manufacture not long before the close of the eighteenth century. In the first third of the nineteenth century, machine production and the factory system had broken in upon, and extensively ousted, the domestic and little shop industries which had been practised through immemorial ages. But the factories of that time were small and local because their markets were local. Large production came in with the railroad, itself a conspicuous illustration of that principle. The railroad extended the market from county to county, and state to state, to embrace at length the whole country, and at length to pass its frontiers. To-day our great productive establishments demand nothing less extensive than the market of the world, and boldly claim an international right of access thereto. But the railroad was not the sole cause and condition of the evolution of large production. That evolution was the result of a complex of coöperating causes, from which such elements as the following may be selected for enumeration, but not for elaborate consideration in this paper.

1. Great and increasing wealth, the product of intelligent industry applied to virgin soil, and deposits practically unlimited; free land to any, and all, who would even promise to settle and cultivate.

2. The capitalizing of constantly increasing increments of this wealth and the development of banking institutions to collect the small rills of personal savings and turn them into the great channels of production.

3. The development among the people generally, of the investing habit, and the gradual extension of production in expectation of demand, at length making all large production necessarily speculative.

4. The expanding enterprise and ability of men desirous to wield the power of great wealth and to obtain the social consideration attaching to great establishments.

5. The perfection of the art of organizing men and matter, which reached its culmination in the last years of the slaveholder's rebellion, or not much later.

6. The enactment in many states, beginning about 1850, of general corporation laws, making it easy for a few enterprising men to obtain the use of other people's money through exaggerated, though not necessarily untruthful, suggestions of large dividends, and also making it easy to elude that responsibility which private persons have to bear.

7. Steam transportation and electric communication opening remote sources of material and distant markets for products.

8. The "protective tariff system" expressly planned and operated to nourish nascent industries.

9. Remarkable developments in applied science, especially in chemistry and mechanical physics, giving rise to numerous inventions and discoveries available for, and specially advantageous to, large operations.

The foregoing are outside causes. There were also inside considerations which made large production profitable and swelled its development.

10. Before all else, the harnessing of the forces of nature, by means of water and steam, and other motors, and the utilization of this power by means of machines, reaching its highest form in the special machine and systems of interchangeable mechanism.

11. The division of labor, assigning functions according to strength, skill, and discretion, ever increasing in importance with the multiplication of machines.

12. The utilization of by-products, as in the case of petroleum refining where three hundred by-products are said to be successively eliminated.

13. Location of establishments with reference to power, labor supply, raw material, marketing, and monetary facilities.

14. The credit system of doing business, giving obvious advantages for the purchase of material in quantity, for the maintenance of long and costly productive processes, and for carrying the product until the time is ripe for sale.

15. The evolution of banking through many costly experiments, into an effective, though still imperfect system, for the custody, and transmission of moneys, the discount of commercial paper, and the financing of large operations, public and private.

The close of the forty years period, ending with the panic year 1873, saw large production everywhere intrenched and triumphant. The little shop, store, and factory had disappeared. The roadside artisan had been transformed into the operative, or had degenerated into the cobbler, the tinker, or the busheler. The economy of large production had been completely demonstrated, and was universally understood and acknowledged. No new institution nor organism was needed to further inculcate or illustrate this economy.

The cataclysm of 1873 awoke the country to a new fact, that large production had been overdone, that the productive power of our motors and machines, engineered by men who vainly trusted that the consumer could never fail, had been turning out more goods of many kinds than the people would pay for and consume. In the twenty years 1850-1870, the numbers of manufacturing establishments and of hands employed a little more than doubled, the capital and product quadrupled; census[1] in round figures shows;

	1850	1870
Number of establishments	122,000	252,000
Employees	945,000	2,000,000
Capital	527,000,000	2,000,000,000
Product	1,000,000,000	4,000,000,000

The point to be emphasized here is that this vast and portentous development of large production, accompanied by infinitesimal division of labor and processes, the multiplication of special machines and interchangeable mechanism, and the utilization of by-products, had taken place before the invention of the trust. This being so, it is not open to apologists to insist that the trust is simply an extention of a necessary and inevitable economic evolution, whose progress can no more be stayed than that of the hurricane or tidal wave. So far as production is concerned, the trust has introduced no new principle, no new meliorations. The trust is not then an evolution, but a revolutionary institution, in the field of exchange.

Let us trace its growth out of the soil prepared for it, starting from the convenient epoch of 1873. Too much labor and capital in machine production, cut-throat competition, and rate-cutting had brought about a state of things which was intolerable. *Laissez-faire* had gone to seed. The first experiment toward relief was coöperative. Three stages are distinguishable.

1. Mere occasional conferences of operators in some line of business frequently accompanied by festivity. Notes were compared, suggestions interchanged, and a general understanding come to.

2. Stated and periodical meetings of operators, resulting in rate sheets, fee bills, price lists, and other devices for maintaining common prices.

3. Compactly organized federations, undertaking to give relief from the effects of competition, by (a) dividing the business or (b) dividing territory, or (c) dividing receipts according to agreed proportions. These associations soon came to be called "pools" and frequently attempted to reward the faithful of their members by premiums, and to visit the delinquent with penalties. There was, however, no actual sanction to the pool, and human virtue gave way when business could be attracted by cutting a rate or price. When at length the judiciary declared pooling to be "in restraint of trade" and therefore "illegal" there were few to mourn at the funeral.

We are now about the end of the 70's. The old evils persist: excessive competition, unstable prices, men utterly worn out with the fight in the industrial arena. The second experiment begins on a principle new to the generation, but not to history. There were times in the course of the feudal system, when many small proprietors were unable to protect their homes, their fields, and their retainers against raids and forays of so-called robber-barons. In such times some powerful noble would come forward, and say to his weaker brothers, "Swear fealty to me, give over your lands, array yourselves under my banner, and I will be your protector." Then arose that custom known as "commendation" under which independence was sacrificed to security. The original trust seems to me closely analogous to "commendation." I think it safe to declare that in every case there was a "promoter" sharp, enterprising, not over scrupulous, the counterpart of the great land protector under early feudal-

ism. Individual operators were just as keen to put themselves under his leadership, as was he for the glory and profit of a grand enterprise. Storm-tossed on the sea of competition, they longed for a quiet haven wherein to rest. The trust proper was thus born. Its essence, a small body of men (called trustees) dominated by a promoter, to whom individual proprietors assigned their plants, and stockholders their shares, receiving in exchange, so-called trust-certificates. A large majority of existing establishments, sometimes rising to eighty per cent, were taken into the fold, and the remainder, the less vigorous, were left to a fate easy to foresee, and which they soon met. These trustees managed the whole industry as if they were proprietors although they had not a shadow of legal title to the properties; they regulated output, assigned territory, and fixed prices, and held them fixed by factors' agreements. They closed many establishments embraced in the scheme; the sugar trust needed but one fourth of the existing plants to supply the whole United States with refined sugar, the whiskey trust shut up sixty-eight out of eighty distilleries. Here this remark, however, is in point, that had no trust been formed, many of these concerns would have succumbed in the competitive struggle.

The trust was immediately, silently, and remorselessly effective. Production in many great lines was reduced to accord with demand, and prices were held up to a level on which very satisfactory dividends could be distributed. Extortion was not necessary, and trust managers did not commonly resort to it. Nevertheless the trust was obnoxious. The small operators who had been "frozen out" raised a storm of denunciation. *Clamor ibat ad coelum* and the sympathy of the people responded to their appeals. Monopolies are always odious, and these trust monopolies, because secret and irresponsible, were especially so. It was rare that a public man wished, or dared, to stand up in defence of a trust. Attorneys-general in many states found plenty of common law precedents for attacking them, and legislatures multiplied statutes. About the beginning of the 90's the courts became persuaded that trusts were illegal, and a few such decisions as those in The Chicago Gas Trust Case,[2] New York *v.* North River Sugar Refining Co.,[3] and Ohio *v.* Standard Oil Co.[4] brought trust managers generally to the same opinion. Trusts in their original and proper form disappeared like the

morning dew, only to reappear in the new form of giant corporations. Because the change was not known, nor understood by many, nor because the same concerns under the same direction, and with the same agents and apparatus, seemed to be going on, the old name of "trust" was held on to, and still persists in our discussions. Von Halle observes that in some instances, individuals owning trust certificates were hardly aware of the change of organization, and much less did they understand the nature of the change. Giant corporations have replaced the illegal and obnoxious "trust," but the people, perhaps unjustly, delight to refer to them by the old and obvious name. There are many variants in the organization of these corporations, but one feature is never lacking, that a small clique controls the central body, and through it all its satellites. Where newly-formed, and not merely reorganized trusts, they pursue the same policy of taking in a large majority of previously independent concerns and leaving the remainder to their fate. The result is practical monopolization of the particular industry. As if to render such organization and policy easy, certain states have enacted general corporation laws of extraordinary liberality. New Jersey took the lead in generous hospitality. Her laws require but one resident director; place no limits on capitalization; exempt stockholders from liability for corporate debts; authorize stock issues on the basis of property and rights of action; confer such latitude of powers that *ultra vires* may be impossible; call for no publication of reports, and impose the lowest taxes (charter one fiftieth of one per cent of capital, annual tax one tenth of one per cent of capital).[5] The state of Delaware has very lately modified her corporation laws, to make them even more liberal than those of New Jersey. A company organized to promote and assist incorporations in Delaware, allege the following advantages of that state over those offered by New Jersey:

1. Original fee twenty-five per cent less than in New Jersey.
2. Annual tax only half of that of New Jersey.
3. Meetings of stockholders and directors may be held anywhere. (New Jersey stockholders must meet in New Jersey.)
4. Stock and transfer book may be kept anywhere.
5. Difficult for intermeddlers to examine books.
6. Liability of stockholder absolutely limited.

7. Stock may be issued for services as well as property.
8. Certain classes of corporation specially favored, railroad, telegraph, steam, heat, power, etc.
9. Annual report need not reveal secrets of corporation.
10. No record of amount of stock held by any incorporator.[6]

Under the comity between states, guaranteed by the National Constitution, corporations legally incorporated in any state may pursue their lawful business anywhere. It is not, therefore, strange that New Jersey, in particular, has become the home of corporations, piratical and other.

It is reported that some fifteen thousand combinations with an aggregate capitalization of eight billion dollars have been organized under her laws. Of this number one hundred twenty four, all having the character of trusts, with a capitalization of three billion dollars were incorporated in the fiscal year which ended September 28, 1899. At least two hundred New Jersey corporations with a capital of five billion dollars have the character of trusts. It is under the liberal provisions of New Jersey corporation law, that the Northern Securities Company has been recently formed for the express purpose of taking over the ownership and control of the Northern Pacific, the Great Northern, and the Burlington systems. There is no better illustration of what is called in this paper, a trust-corporation. Its legality has been attacked by the attorneys-general of Minnesota, and of the United States. Minnesota's complaint is, that the "merger" is violative of the statute forbidding the purchase of parallel railway lines within her territory. The complaint of the United States is, that the consolidation is a violation of the so-called Sherman Anti-Trust Law. It would be a reckless thing to guess at the outcome of the litigation, which will be looked for with greater interest than any since the Dred Scott case. Should the Northern Securities Company be forced to dissolve, the properties of the three systems will still be in the control of the persons who are now its stockholders.

On March 14, 1904, the Supreme Court of the United States by a vote of five judges to four affirmed the decree of the Circuit Court dissolving the Northern Securities Company and on the ground of its disobedience to the Sherman Anti-Trust Act of July 2, 1890. If that organization did not in terms declare its intention to abolish competition its New Jersey charter was drawn in a way to grant opportunity

and power to do so, and the court presumed that under existing circumstances advantage would be taken of the opportunity. "The combination is," said the court, "within the meaning of the act, a trust."[7]

The action of the United States Government in 1918 asking for "continuances" in the cases of the United States Steel Corporation and some others is a most notable emergence and leaves the citizen at a loss what to expect.

Having thus ascertained the genesis of the trust, and described its successive phases of evolution, we are ready for an inquiry into its nature. A clear understanding of the character of trust corporations is absolutely necessary in this discussion. It is glibly remarked by their members and friends, that, as already stated, the trust is simply a new advance along a line of economic progress, as steady, and certain as the stars in their courses; that it is the outcome of the operation of certain "laws of trade" whose wheels will grind to powder all men and institutions, which do not promptly get out of the way. Not to engage in any strife about words, it may be conceded that the trust-corporation is the outcome of an evolution; still it must be contended that its development is not in the extension of the line along which large production took place. Cheap production by means of motors and machines, science, assorted labor, and expert management had, as we have argued, culminated before the trust was born. The trust had its origin, and its development has been, in the field of distribution. The market, not the shop, has been its sphere of action. The trust is an economic institution sure enough. Its great end and aim is gain for the proprietors, and what is more, sure gain; a profit "incorruptible, undefiled, and that fadeth not away."

To ensure this profit, two means are employed; the first, monopolization, practical monopolization of the whole plant, and apparatus of an industry, of the regulated product, and the agencies of distribution; also, in some cases, of the supply of raw material. Ancillary to this is the destruction of all competition in the purchase of material, the employment of labor, and the sale of product. With such a dam across the stream of an industry, it is easy to maintain a level of prices, as sure as anything in this world can be, to show a balance on the right side of the ledger, and take physical shape, in private cars, and villas, and yachts, and I must add, in magnificent endowments of hospitals, museums, libraries, and universities.

So far as its line of things is concerned the *trust abolishes the market.*

The second means of gain is speculation. In some instances this may not have been a part of the original scheme; but the present almost universal issue and sale of common stock, by trust corporations, make it safe to assert that speculative operations are expected, and certainly they are going on as any daily newspaper will show. The trust corporation is organized and operated to exploit the produce of industry rather than to develop new facilities of production.

There remains the question, what, if anything, is to be done with this institution still so youthful, but so gigantic and tremendous? With some, the answer is ready. Trusts are monopolies, down, down with them on the spot. They quote *Malus usus abolendus est.* A long continued series of outrages persisted in by the trusts might so incense and arouse the people, as to result in constitutional legislation for their utter destruction. This will not happen. The managers of trusts, being children of the world, are wise in their generation. Assured in their expectations of unfailing profit, they are the less desirous of excessive returns. Extortion does not in the long run, pay. They know their own interests too well to invite destruction, and it may be admitted that the sudden annihilation of trust-corporations might bring public and private damage far more mischievous than all the injury they have thus far actually wrought. Corporations in some form are absolutely necessary to existing civilization. Capital must be aggregated, under expert management, possessing what Blackstone calls a "kind of legal immortality."[8] There is danger that attempts at uprooting of the trust corporation may undermine the fabrics of corporations which do not monopolize, and whose agency is indispensable to society. The problem of the day is then, not how to annihilate, but how to restrict and control the trust-corporation. And the solution of this problem is not to be facilitated by wild declamation, nor any amount of newspaper reviling. The limits of the occasion do not permit a serious attack upon the problem of regulating trust-corporations. I will only ask leave to summarize what has been presented, and to add some suggestions excluded from the discussion thus far, for the sake of clearness.

1. The trust did not give rise to large production, and its accompanying economics, but succeeded to that régime.

2. The prime object of the trust is to monopolize, which implies the exclusion of competition, the obliteration of the market, and the closing of the doors of opportunity to capital and labor, which, were the field free, would offer their services to the public.

3. The secondary object is exploitation, i.e., greedy speculation. The speculative characteristic means, that by over-capitalization and waiting, the promoters intend to take possession of any unearned increment of value which may accrue from monopoly, and demand from the public continuing dividends thereon.

4. The temptations to which institutions thus constituted are exposed are:

a. To impoverish material men, or to squeeze them out completely, and seize and engross the original deposits
b. To depress wages
c. Reduce quality of goods or services
d. To restrict output
e. To extort excessive prices
f. To subordinate service to exploitation, and regulate the volume of production so as to "bull" or "bear" the stock market
g. To use wealth, influence, and talent to corrupt legislators, judges, commissioners, and taxing authorities.

The last item may be dismissed with the remark that it affects individuals, partnerships, and associations of many sorts. Trust managers have no monopoly in the lobby. They may have exceptional influence, however. Here come certain admirable persons, comfortable bodies, who do not feel responsible for the universe, with the assuring suggestion that there is no need of alarm, neither of any political gymnastics. "If," they say, "the trust proprietors are riding too high, the laws of trade will presently bring them low. They know their own interests far too well, to undertake to fleece, or to deceive, the public. They will never dare to refuse the demands of organized labor. Their interests run with those of the public." There is force in these suggestions. To hold their monopoly intact, trust corporations will, for a time at least, forego excessive and open

extortion, and exert themselves to render good service and sell honest goods, so far as they are directed by wise and honest men.

There are some who hold to the conviction that a trust can never so stifle and suppress competition as to maintain air-tight and continuing monopolies. This is the view of Professor John Bates Clark, known to many here as standing in the fore-front of American economists. "Potential competition," said Professor Clark, at the late Chicago conference, "potential competition will clip the wings of any trust which soars too high."[9] For myself, I can not take this serene and comfortable view, however devoutly I could hope it might prove to be the true one. To have our great industries carried on by benevolent fraternities, desiring only moderate recompense for the best service, living the austere lives of anchorites, and devoting their surplus income to art, education, charity, and religion, is an ideal not to be approximated in our day. The trust-corporations are engineered by men of like passions with ourselves, eager for the power and consideration which flow from great wealth. They are under the stress of great temptations, and feel themselves justified by the ancient and economic creed of "the devil take the hindmost." They need the moderating hand and voice of the law to keep them in the paths of virtue. The state must control the trusts or the trusts will dominate the state. The state will control them. There is plenty of good doctrine and principle to justify her interference. It is ancient and elementary in law, that corporations are created by law "when it is for the public advantage." The common law, for ages, has abhorred monopolies. Equally venerable is the doctrine that whenever property is affected by a public interest, it ceases to be *sui juris*, and may be regulated by law. I submit that whenever a trust-corporation has completely monopolized an industry, or the supply of material, and the machinery of distribution, it may be considered, and treated, as having become, by its own act, a public institution and agency, in an eminent sense. It is within the just powers of government to attach any requisite conditions not only to the creation of corporations, but to their continuance. In spite of Dartmouth College decisions, the American people need not, and they will not, consent that their rights may be indefinitely chartered or contracted away by the government of a day.

How wisely to apply these principles is the task of our younger economists and statesmen, less fettered than those passing off, by the traditions of *laissez-faire* economics. Among the propositions now before the public are such as these:

Enlarged liability of stockholders

Large responsibility of directors and officials

Prohibition of over-capitalization and stock-watering

Reduction of tariff when industry is monopolized

Change in legal character of labor-contract

Progressive taxation on income and dividends

Prohibition of buying and selling their own stocks

Limiting the magnitude of corporations

Public ownership of all natural monopolies, mines, railroads, gas and water works, wharves and docks, etc., thus obliterating the corresponding corporations

Abolition of all private corporations

United States Government license (with visitation) of all corporations for interstate business

These I do not enter upon. The difficulty of applying such remedies under our comity of state, and New Jersey, hospitality is apparent. There is a proximate remedy, which I have commended to my students for many years and now widely mentioned, summed up in the phrase "sunlight of publicity." The right of visitation of corporations, lodged in the British Crown, the chancery and parliament, inherited by the state in America, though greatly impaired in our country, has never fallen into complete neglect. In our own state, inquiry into the affairs of corporations, may be made by the legislature, the governor, the attorney-general, the public examiner, the superintendent of schools, the insurance commissioner, and perhaps other officials. This immemorial right of visitation might well be reinvigorated, and applied to monopolizing corporations, and with even greater propriety, to such as enjoy any public franchise. The affairs of such institutions are public affairs, and the public is entitled to complete knowledge of them. This principle is operated with vigor in the supervision of national banks by the Treasury, and the inspection of our state banks of Minnesota by the public examiner.[10] Such inspection would greatly brace up the virtue of directors and officials, and would quiet many injurious suspicions, harbored in the minds of people.

But this knowledge of the doings and dealings of corporations is not enough. If the monopolizing corporations render a service to the public in maintaining stable prices, and for this they are much commended, it is because of the knowledge which their managers have, or may have, of the state of their trade. Through their experts they know the cost of material, the cost of production, the cost of selling, and the probable demand for their goods. As long as *they* have such knowledge, and the *public* have it not, the corporations will be likely to exploit the public. From time immemorial, all trades have been each an art and mystery, concealed as much as possible from the world of consumers. To keep sacredly the secrets of the craft was part of the education and duty of the craftsman and merchant; and this tradition has been perpetuated, with the result that in fixing prices, the cost of production and distribution is subordinated and, as much as possible, kept out of sight. Prices, therefore, are fixed on the principle of what the traffic will bear in competition with dealers. In our ignorance of true costs, the trust, which can suppress competition, has the public by the throat. In the public economy of the future, the gathering and dissemination of economic facts and knowledge will be the prime function of government. The department of statistics at state and national capitals will overshadow every other, and the knowledge of products, their costs and uses ought to be so general that no dealer can deceive, and no clique can rig the market.[11] In regard to a few great staple products, the public may already know in a general way, the ordinary supply and demand, the cost of production, and other facts affecting price. As our state and national statistical bureaus are extended and perfected, such knowledge will become more exact, and will be extended to embrace other products, until finally the whole market may be an open book to all men who have eyes to see with. The time should soon come when no clique of speculators can possibly be better informed as to the state and prospects of the market than the people at large, through their public statistical agencies. The people perish for lack of knowledge. Some day we shall be using our higher schools to diffuse economic knowledge. In place of the ablative absolute and Sturm's theorem, of the lists of French kings, and Mariotte's law, our children's children will be taught

the nature and properties of cereals, coal, ores and metals, textile plants, tea, coffee, fruits, spices, and the things made from them, where all these come from, how they are produced, and how they are interchanged between continents, states, and communities. When the public come to be fully informed they will be likely to be alert. "Combines" will not long be able to exploit the social industry. The remedy of President Hadley, the turning up of noses, and giving the cold shoulder to speculators and engrossers, which has provoked a great deal of mild sarcasm, mostly undeserved, will become operative and efficient. In the face of intelligent, resolute, and unanimous public denunciation, few men will have the courage or the willingness to endure the odium that will rest on those who would live and thrive by exploitation.

It is now more than a quarter of a century since the enactment of the Sherman Anti-Trust Law. While certain combinations, such as the Northern Securities Company, and the Tobacco and Sugar trusts have been forced into dissolution because held to be "in restraint of trade," the cases of other combinations such as the United States Steel Corporation, the International Harvester Company, and the United Shoe Machinery Company still remain pending in the courts. Within a few months the Government has asked for a suspension of proceedings on the ground that should dissolution be decreed (and this would seem to be taken for granted by the Government) the resulting private financing might injuriously interfere with the floatation of its war loans. There have been from the beginning, statesmen whose opinions are entitled to respect, who believe that the act should never have been passed. Great combinations, they hold, are inevitable in an era of large production, and they ought to be regulated, not abolished. There are those who believe that the act can never be fully and impartially enforced.

NOTES

[1] U. S. Census Reports, 1850 and 1870. Round numbers are used.

[2] 130 *Illinois* 268, 1859.

[3] 121 *New York* 528, 1870.

[4] 490 *Ohio* 137, 1892.

[5] For a partial list see Von Halle, *Trusts* p. 328. 1895.

[6] Ely, *Monopolies and Trusts* p. 277.

[7] 193 *United States* 197-411. Printed as *Senate Document 232*, 58th Congress, 2d session.

[8] *Commentaries* bk. 1, ch. 18.

[9] J. B. Clark, *Modern Distribution Process* p. 6. Boston. 1888.

[10] By sec. 3, Laws of 1909 the supervision of State banks was transferred to the superintendent of banks whose office was then established.

[11] The reader will perhaps observe that the author has again paraded this, his favorite hobby.

THE SINGLE TAX

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On the evening of January 3, 1899, Mr. Henry George spoke in the Lyceum theatre in Minneapolis, Minnesota, to a large and interested audience on his favorite theme, "The Single Tax." Returning from the lecture on a street car the writer was asked by some of his students to speak in reply. "Hire a hall, and I will try," was the response. That was done. His address was delivered on the evening of January 31, 1899. On request of the Minnesota Legislature it was repeated in the hall of the House of Representatives. The following pages contain the address substantially as written out in intervals of exacting duties. While the speaker has not materially changed his views, he would, if writing anew, endeavor to improve his diction, and would probably suppress some passages that border on levity.

When Mr. Henry George appeared in this hall some days ago, all present were instantly charmed with his personality. His well-set figure, and massive head, his gracious eye and kindly face bespoke him at once, as one of those persons, "who"—to use a happy Emersonian phrase—"who are to be considered." He is a man very much in earnest. He is full of that "enthusiasm of humanity" which inspires reformers. Mr. George cares for his fellowmen and desires with all his heart to see liberty and comfort everywhere increased. Let us follow his excellent example of going at once to the business in hand.

First: the question which meets us is, do existing conditions and circumstances permit the consideration of the single tax, so-called, as a practicable working scheme in these United States? Granting for the moment all that Mr. George claims for it as an ideal plan of taxation, *can it be worked*, as men and things now are in this country? To this question I answer "*No*": for these reasons: first, it is of the essence of this scheme of taxation that it be *single* and *exclusive*. Its advocates expressly, and with great emphasis, insist on the abolition and abandonment of all other taxes, because, adopting Mr. George's phrase "either stupid or unjust or both." They believe and declare that existing taxes amount to fines levied upon labor and capital and Mr. George insinuated that they are intended so to operate.

All existing plans and ways of collecting revenue, national, state, and local, are then to be cleared away, before the single tax can go into effect. Let us suppose that the whole ninety millions of us should be converted to the gospel of the single

tax in the course of the calendar year now passing, I think it ought to take about a generation to make the change of systems. A state is a vast and complicated thing, and a revenue system is a large element in a state. Said Burke, in a happy but justifiable hyperbole, "The Revenue of the State is the State."[1] By pursuing for years and ages a certain public policy, government clothes citizens with rights, claims if you prefer the word, as against the state. She invites citizens to form settlements, to employ capital and labor in certain industries, and enters into covenant of quiet enjoyment.

> At the beginning of the present government of the United States, we established and have since maintained, a revenue system expressly devoted to inducing citizens to embark in manufactures, and we have endowed transportation with untold millions.

Governments are, therefore, in the practice of sane and just men, estopped from sudden economic revolutions. Especially is this true of proposed revolutions of the land-laws of a people, for these laws prescribe and predetermine the very nature of the state. Grant to a legislature the power to fix the tenure and descent of lands, and in the words of Tocqueville, it "may rest from its labors. The machine once put in motion will go on for ages, and advance as if self-guided, toward a given point."[2] Primogeniture will develop an aristocracy, partible inheritance moves towards democracy. No nation of ninety millions can or ought to make a great and radical revolution in its housekeeping, in the time it takes the legislative clerks to call the roll. But not to make too much of this phase, let it be granted that this nation could skip from its old revenue system to a new one as easily as Harlequin shifts his jackets and masks; provided the American people had undergone the necessary change of heart, and had resolved to leave off compelling themselves to pay unjust and stupid taxes and tariffs, operating as fines. Let this be granted, we meet the question are the American people *likely* to be *suddenly* and *presently* converted? It is demanded specifically that the tariff must go to make room for the single tax. Do you think the protective system is about to fade away suddenly like the grass? Where have you been hiding since the kalends of November? It was a square issue between protection and free trade.

The reference was, of course, to the presidential campaign of 1898, in which Cleveland was defeated by Harrison on a clean tariff issue.

Every possible argument, pro and con, was blazoned from the stump and spread out in the columns of the pamphlet, book, and newspaper press. There were no distracting side-issues. The day of trial came. Did you hear it? Did you hear the voice of the people on the sixth of November?

"It came as the winds come when forests are rended;
It came as the waves come when navies are stranded,"

a complete triumphal approval and ratification of the protective principle and system. No matter what any one's private opinion may be, every one will admit this result as a cold, solid fact.

I am but a moderate protectionist, and free trade ideals are dear to my heart; what I fear is that it will be impossible to obtain in the present generation those modifications and reductions of tariff, which protectionists of the reasonable sort, demand. Abolish protection? Abolish indirect taxation by imposts on imported goods in one day? It will take a Joshua mightier than the commander of Israel to roll back the wheels of protection.

To work the single tax, the taxes on franchises of every sort and the license taxes on liquor selling must go. Is there anything in the present state of the public mind on these subjects, to indicate an early abandonment of these forms of taxation? The internal revenue taxes on whiskey and tobacco must go; and, because (along with all other existing means of taxation) they are "stupid and unjust," the nation must be forever debarred from reëstablishing any similar internal revenue system, no matter what dangers threaten within or without. Will the nation disarm?

The speaker might have remarked that under the single tax régime, the nation, the state, and all municipalities would be debarred from levying taxes for the restraint of monopolies, the discouragement of vice and immorality, the abolition of impure foods, the preservation of game, and "social purposes" generally.

Further, we have not merely to deal with particular existing statutes and machinery for collecting public revenue, but with ideas, prejudices, and customs so ancient that "the memory of men runneth not to the contrary"; with ideas and doctrines running back to the time of Aristotle at least. There is an

idea that as all forms of property are protected by the state, they may all be rightly subjected to taxation if the public needs require. The single tax men know but one kind of property, which may be justly taxed, and that, they are proposing to abolish. There is the idea that as all persons are under the protection of the state, so all persons may, if the public needs require, be called upon to contribute to the support of the government and its reasonable purposes. The single tax doctrine is not to touch persons, as such, but only as they are receivers of the public, of the rents and profits of land. Again there is the idea that as all industries and employments are protected by the state, the government may, if public needs demand, collect some fraction of the returns and profits of industry and incomes of well-paid employees and professional people.

I do not accept either of these propositions, protection of property, or protection of persons, as the ultimate ground of the taxing power. They are incidental considerations. Here I am only insisting that the ideas are ancient, traditional, and everywhere accepted.

There is no possible room or justification for an excise, inheritance, or income tax, under the single tax régime.

Second; there is another idea, which has played a great part in the history of the Anglo-Saxon race, embodied in an epigram, as familiar to every English-speaking man as the immortal rhymes of Mother Goose "no taxation without representation." Now let this doctrine be as absurd as the romance of Peter Wilkin, grant that it was never anything more than an airy and impracticable revolutionary rallying cry, still no man in his senses will deny that "no taxation without representation" is stamped across every page of his political history.

Our American colonists objected to being taxed by a foreign legislature, in which they had no representation. The cry "no representation" had no reference to tax-paying as a qualification for voting. It is a novel and strained use of the phrase by advocates of suffrage extension, when they claim that all persons owning taxable property should have the right to vote.

Defiance of this immemorial tradition cost one of the Stuart kings his crown, and another his crown and head to boot. "No taxation without representation" was the cry which nerved the hearts and steadied the aim of the embattled farmers at Lexington and Concord. It may have been a miserable mocking

delusion, but the same sentiment bore up the courage of the soldiers of the Revolution from Lexington to Yorktown, and cemented into one national union Roundhead of New England, Virginian Cavalier, Quaker of Pennsylvania, Catholic of Maryland; English, Dutch, German, Swede, all faiths, all bloods, and all interests. In obedience to sentiment universal at the time, the framers of the national constitution provided that "direct taxes and representation shall be apportioned according to population, and not according to property or values of any kind." Taxation and representation, are in the national code, coextensive and inseparable.

The doctrines I have enumerated are embodied in every one of our state constitutions. The Minnesota Constitution further provides that all taxes shall be "equal" as nearly as may be, and it will be sometime before the people of this state shall be persuaded that "equal" means laying all taxes on some one class, or some one kind of property.

The new section to Article 9 of the Minnesota Constitution, adopted November 6, 1906, empowers the legislature to select classes of "subjects" for taxation, and requires that taxes shall be "equal upon the same class of subjects." Up to this time no material changes have been made in the system.

Third; the single tax scheme, alone and exclusive, is also impracticable because of our complicated American government. We have three systems of taxation, working side by side, and two or more independent agencies of tax administration. We have a national system of indirect taxation by means of imposts on imported merchandise, and by internal revenue excises on certain selected manufactures. We have also state taxes, and local taxes administered by mixed agencies of state and local officials. The single taxers do not inform us what agency they propose to employ. There would be no sense in using two or three agencies for administering a *single* tax system. Some one of these existing jurisdictions, national, state, or local must be made the primary agent for obtaining the single tax revenue, and be required to pay over to the other two their respective shares. Do you expect the state governments will subordinate themselves to their creatures, the town and city authorities, and exist by their sufferance? Far more likely it is that the power of local taxation by cities and towns would vanish away and the

municipalities content themselves as best they could with such moneys as the state legislature should dole out to them. Local government, the pride of American and Anglo-Saxon free men, would of consequence disappear. But how would the state governments fare when it came to the question whether they or the national government should be primary collectors of the single tax revenue? Does not every schoolboy know that we changed the government of the United States in 1789 from a confederation to a national union, chiefly, almost exclusively, because the states would not collect and pay over the "quotas" imposed by Congress? Schoolboys may not know, but grown men ought to know, what kind of tax it was that the old Congress of the Confederation tried in vain for years to extort from the reluctant states. Some of us may have forgotten, so let me remind you that it was a single tax on improved lands after an idea imported from France along with other political bric-à-brac. The framers of the constitution of 1789 applied themselves to make a national government which should not need the interposition of any state, to raise and collect its revenue. They put into that document a power to raise revenue, absolute, unassailable, irrevocable. And this power has been defined and supported by a long course of supreme adjudication. With a standing army, and a navy which we now talk of making the most formidable that ever ploughed the seas, do you think the national government will surrender her unquestioned, traditional, unlimited, supreme power of taxation? It is absurd to expect it.

I think it much to be feared that a people so martial in character as the Americans would wish to raise and maintain a standing army of 500,000 men and a navy of 200 battleships with all necessary accompaniments. As this volume goes to press the United States Government with the full and hearty approval of the people is engaged in raising an army of two millions, and a navy of innumerable bottoms. And it is predicted by some persons whose judgment may prove to be sound that we shall in the coming three years increase the army to five millions. How charming a contrivance for raising the billions of money would the single tax be!

The single tax scheme if worked at all, must be engineered by the general government and its agents, and the states and all municipalities through the states will enjoy only such revenues as Congress shall see fit to apportion and pay over. Under such a scheme the forms of democracy, might, indeed, survive,

but the state and the government would, in essence be imperial. Of all tyrants the many-headed tyrant is the one most to be dreaded.

For these reasons: (1) the impossibility of clearing away existing taxes; (2) the persistence of ancient custom and industries; (3) the peculiar and complicated nature of our American government; for these reasons, which are by no means all, as stated and discussed, I submit the conclusion, that the single tax, the exclusive tax on land values, has no claim to consideration as a practicable working plan, in this country, in our day.

Let us next examine the single tax scheme as a mere doctrine, as an ideal thing. It is a grateful and indeed not an unfruitful exercise to let our minds play freely on great and serious matters; to let the imagination soar a little skyward; nay 'tis well to dream betimes, of Utopias and blessed isles. What do these dreamers say? First of all, that all taxes except the proposed single tax on land value are, "either stupid or unjust or both," and I hear no exceptions made on account of stress of war or famine or other calamity. They assume, then, a state of continuous and universal peace. Does the history of this nation or of any nation warrant any such exceptions? Must a nation, beleaguered and invaded, lay down its arms, and accept the terms of the foe, at the point where the revenue from single tax, on land values shall have been exhausted? Were that the doctrine of the world, one single nation, not so scrupulous about collecting taxes from persons, chattels, incomes, franchises, and so on, would soon dictate the conditions of existence to all the rest. The single tax, as advocated, endangers, if not denies, the right and power of nations to maintain their organized existence. The old common law theory suits me better, that a free and a brave people may "rob the cradle and the grave" to recruit their defensive forces and throw the last dollar they can wring from the orphan and the widow into the military chest.

These dreamers assume the continuous and universal advancement of society; population always on the increase and evenly so, wealth increasing, intelligence and virtue always abounding more and more. The world does move, has moved, but never on any continuous line of advance by steady and unbroken march. The lot of civilized man in general has been painful and stormy. The progress of particular nations has been by

fits and starts, periods of depression succeeding as by a kind of rhythm, to epochs of advance. There have been times in the history of this country when the rental value of land would hardly have paid the salaries of the town clerks. Fortunately, unjust and stupid taxes on imports, on incomes, and property of many kinds saved us from political marasmus. The progress of wealth and population is not uniform in different parts of the country. Population shifts and industries migrate. Rents go down in New England and go up in Dakota. One New York county, with which I have been acquainted, declined in population from 1860 to 1870 and again in the decades 1880 and 1890. That county was on the whole, probably richer in the administration of John Quincy Adams than it has been since. I should like to know if any provision will be made by the single taxers to reimburse the Seneca county farmers for so much rental value as has been already taxed out of them in excess of justice? In such counties the revenue from a single tax on land values would be sometimes a minus quantity.

The old farm on which the speaker grew up has lately been sold for $25 an acre. The soil is excellent, the buildings substantial; the distance to New York is three hundred miles, and there is a railroad station on one corner.

However, it may be expected by the single tax apostles that the great national taxing machine would equalize such things.

The enthusiasts again, make no allowances for those disasters which in every generation wreck cities, dismantle provinces, and even involve continental areas in vast loss and ruin. Famine is chronic in India and China.[3] In the latter empire only last year one million five hundred thousand people were left homeless and starving from the overflow of a single great river. Would the single tax on land be convenient for those poor worms of the dust? If no other tax could, without injustice, be collected, would the government of that province be able to bury the dead? A very few years ago, several counties lying within a half day's journey of this spot, larger in aggregate area than any one of several considerable nations, were desolated for three seasons by the red-legged grasshopper. The surface of the land was swept as clean of vegetation as the pavements of our streets. The governor of this state locked his office door for many days and hastened to see what might be done for

the stricken people. What he did as an official is a part of the history of the state; what he did as a man, is known only to himself, his wife, and the recording angel. How distressing it is to reflect that at this time the single tax doctrine had not been revealed. How might the suffering farmers have been comforted by that sweet doctrine of the unearned increment and the single tax on rent, which would relieve them of the last burden, their farms themselves.

Would a single tax on the unearned increment of city lots have been a convenience and a boon to the people of New Ulm and Rochester and Sauk Rapids, after the tornado had got in its work in those towns? States, like men, do wisely not to carry all their eggs in one basket. It is a principle of taxing systems to distribute the burden so that no one class, nor any kind of property or industry shall be ruined in case of disaster. There is no safety valve to the single tax boiler.

Again, these devotees of a mere theory assume that land is the only thing which increases in value, as population and wealth increase, if they do increase; and which derives value from community labor and social demand. It is a hackneyed truism that increasing demand is the prime force in raising values of all products (farms and gardens are products) and all services. An abounding population, if it swells demand, normally occasions a general increase of prosperity and wealth. According to single tax philosophy the community ought to appropriate to the common good whatever moiety or scintilla of value may have been caused by social order, protection, education, conservation, or other contribution. Let us take a single instance, Mr. George's late speech. The language and most of the sentiments of that ingenious and captivating address are and have for a long and indefinite time been the property of the whole people. He spoke with a degree of ease and confidence to indicate that speaking was rather a pleasure than a toil for him. He got, let us presume, $100, a hundred ounces of silver, for that performance, and carried the same off with him to the *Standard* office. Now what gave that speech its selling value? Would the Comanches, or the Patagonians, or the natives on the left bank of the Niger, all of them actual practitioners of the philosophy which Mr. George is commending to the people of these United States, would they have paid their currencies to hear that speech?

"A fortiori, we might on the same principle (as that land is limited) insist on a division of human wit; for I have observed that the quantity of this has been even more inconveniently limited. Mr. George himself has an inequitably large share of it."[4]

Let us analyse the conditions which give value to such things as Mr. George's orations. First, Mr. George enjoys a monopoly of a certain kind of reasoning which I trust will remain his exclusive property. I allow something for that.

Next, there are a lot of people in this town. These people are civilized and possess a great body of inherited arts and industries which have long been common property. They have had themselves educated according to the best learning of all time and they have maintained at great expense a costly apparatus for the cultivation of religion and morality. I submit that the cash value of that speech and of all speeches and sermons and orations is given by the numbers, the labor, the saving, the virtue, and order of the people, and that Mr. George has, according to his own philosophy, robbed this city of a good round sum of money. In the next place, I dissent from the fundamental assumption of the single tax optimists,—that all land belongs to everybody. The statement is a vague and glittering generality, or perhaps better stated, it is the exaggeration and caricature of a doctrine true, but only true within reasonable limitations, and as understood by reasonable persons, who know and feel the inadequacy of language to express all that is in the minds of men. We assert the equality of all men and we understand those words in a certain reasonable way. We say that governments derive their just powers from the consent of the governed, and the statement is true, but only true in a reasonable sense. The words do not import that any individual or clique or party may withdraw his or their consent, refuse to pay taxes or serve on juries, or that resident aliens, minors, paupers, and idiots may vote. The state in a certain true sense owns all its territory, but the state's "eminent domain" does not conflict with the right of citizens to own lands by allodial tenure. The doctrine that the land of the world belongs to God's children is a harmless truism. What is it good for in actual politics? Nothing. It is a mere unworkable sentiment, void of all efficiency; "Void" as lawyers phrase it, "void for uncertainty." Only a limping, one-legged philosophy of property can bolster up

such a vagary, that all mankind taken collectively owns all the soil and waters of the planet.

This doctrine may never have been stated in clearer terms than by that distinguished apostle of temperance and anti-slavery, Gerrit Smith, in his speech in Congress on February 15, 1854, and in resolutions offered by him on January 16. The resolutions read:

"Whereas all the members of the human family, notwithstanding all contrary enactments and arrangements, have at all times, and in all circumstances, as equal a right to the soil, as to the light and air, because as equal a natural need of the one as of the other; and whereas, this invariably equal right to the soil leaves no room to buy, or sell, or give it away; therefore,

1. Resolved, that no bill nor proposition should find favor with Congress which implies the right of Congress to dispose of the public lands, or any part of them, either by sale or gift.

2. Resolved, that the duty of civil government in regard to public lands, and indeed to all lands, is but to regulate the occupation of them; and that this regulation should ever proceed upon the principle that the right of all persons to the soil,—to the great source of human subsistence,—is as equal, as inherent, and as sacred as the right to life itself."

In his speech Mr. Smith demanded in the name of justice that government should cease from selling or giving away what it can not own, the soil, and said, "Vacant land belongs to all who need it. It belongs to the landless of every clime and condition."

Gerrit Smith antedated Mr. George a whole generation.

Property right is an institution, an immemorial inheritance, not a theory. Rights, practical, reasonable, legal, rights do not descend from the clouds; they have grown up out of human experience and the nature of things.

These dreamers fall into another error, after the example of the socialists. They confuse value and utility. They talk of value where no exchanges take place, and of labor and capital producing value. Value appears only on the field of exchange, not in that of production. Much labor is not simply negatively useless, but positively destructive, as for example that employed on perpetual motion devices, in gambling, in the manufacture and sale of intoxicants, and the culture of tobacco. In their discussions they get themselves into such a tangle with their values—land-values, rental-values, real-values, selling-values, real selling-values, speculative values, that the ordinary intellect can not follow them, and political economists retire in despair.

Finally (under this head) these amiable proselytes neglect to take any account of probable political consequences of their

scheme, provided it were possible to clear the way for it. It is a common experience of nations that changes in their economic institutions are followed by totally unexpected consequences; so short is the sight of the wisest men. But there is one consequence of the scheme under discussion which experience may warn us from risking. Put all your taxes on any one class of persons, and you at once consolidate the members of it into a compact body ready either to embarrass and oppose the government or to take possession of the powers of the state and dictate the laws. I hardly know which of these inevitable alternatives is more to be feared. If the class selected be the landholding people, and they embrace a large majority of the voters I think, all experience teaches that they will surely and rapidly establish themselves as the ruling class in the state. In this day of large production when the fashion of large farms worked by machinery is coming into vogue, I am persuaded you would not have long to wait before a landed aristocracy showed its powerful grip upon your legislative department, placed its best men in your executive chairs and filled the bench of your supreme tribunals with judges whom it could depend upon. Mr. George himself suggests the best reason of all for expecting this result when he says, "The tax on land values is the only tax of any importance that does not distribute itself. It falls upon the owners of the land and there is no way in which they can shift the burden upon any one else."[5]

Mr. George does not propose to dispossess landlords, and reduce them to the condition of tenants of the state or municipality.[6]

He was thinking as an economist not as a politician. Lay the taxes on landlords and you may trust the real estate lawyers to find them a political way of escape from excessive burdens at least. It is with difficulty the people now submit to direct taxation in amounts sufficient to support those institutions which modern states must needs maintain. The public schools are ill-equipped, the teachers poorly paid. The university lags half a century behind the point to which she might advance in ten years if the money could be voted. Do you think things would be bettered if you placed the fortunes of the state in the hands of the landholding class? That class would name the assessors, and dictate the rates and the valuations, or human nature will

have undergone a new creation. From class government, good Lord, deliver us, evermore. I submit therefore that the single tax on land values as a theory fails to answer to the requirements of a reasonable system of taxation considered at large in the abstract.

Mr. George makes great account of the irregularities which attend the taxing systems in vogue, and he says much that is worth while. The science of government and in particular the economics of government are not far advanced. In the past the science has been cultivated by a few philosophers only. Economics has of late become, or is becoming, the science of the people, and there is ground for hope that valuable truths will be brought forth and useful devices invented to make government more efficient and its burdens lighter. I must say, however, that the suggestions and the reasonings of the school I am now dealing with are discouraging. Because nine ways are bad it does not follow that a tenth will certainly be good. Because the household pet of the Dutchman's story is utterly worthless in all known respects it is not safe to conclude that he will be infallible as a "coon dog" till you have tried him. The collecting of taxes on moneys and credits may be very unsatisfactory, but we may not conclude from that that a single tax on land values will be satisfactory. And these men make the radical mistake of all enthusiasts, in presuming that the adoption of their one idea will mend all matters. Criss-cross, hocus-pocus, presto change, now you see it and now you don't see it, and the miracle is done. "We believe," says Mr. George, in substance[7] "that in this simple measure of the single tax lies the remedy for the great social and political evils of our time." This is not the language of truth and soberness, it is the wild exclamation of the devotee of one idea.

Before I had gone far in this matter I was inclined to think that the single tax might work in some petty state, some remote and happy isle, some secluded mountain gorge, (whence population could escape only by the golden stairs) and where the passions of men would not be stirred by the storms that sweep over great nations. With regret I am forced to abandon this amiable conceit, because nature is against it and humanity is now incapable of the virtues it implies. For the realization of their dream I can only point our single tax friends to some heavenly consum-

mation, to some "Happy land, Far, far away, Where saints in glory stand, Bright, bright as day." Again my good nature gets the better of my judgment; in the celestial country there can be no single tax, or double tax, no mortgages to be sworn off, no personal chattels or credits to be listed, no tax on conscience there. Oh, sweet and blessed country, Where taxes ne'er shall be! Perish the thought which rises here like Banquo's ghost and will not down at my bidding. There is but one other place where population is ever on the increase and whence emigration is impossible. Perhaps in that unmentionable realm the unearned increment of land may form a common fund sufficient for all social needs. No one can object to the experiment there.

In the first division of this address I undertook to show that the single tax, can not be put in operation in our country and time. In the second, that, resting on unfounded assumptions, it has no merit as an ideal plan of taxation. In the few minutes remaining at my disposal I propose to show that the single-tax plan is not a plan of taxation at all in the proper sense of the word, and further that Mr. George did not originally propose the scheme as a scheme of taxation proper. What, let me ask, are taxes in free states? When the English commons were debating the question of taxing the colonies, Lord Chatham answered this question and settled it for English speaking freemen, for all time. Taxes in free states are not impositions on the people by outside and superior powers, they are the contributions of the citizens for public uses. The idea that taxes are a burden let down onto the people, is a survival from the great conquering empires of antiquity. It ought to have no place in the minds of intelligent modern thinkers. There two ideas inhere in the word tax, or rather two phases of one idea. The word at bottom, means to set in order, to arrange; and we have on the one hand the principle that taxes must be proportioned to the public needs, and on the other apportioned equitably among the persons who are to contribute.

The ultimate root is *tag*, to which may be traced the words *task*, *touch*, the Latin *tangere*, and the Greek *tasso*.

These principles are reasonable and in our day beyond dispute. No free people will for a moment consent that their agency, the government, may assess and collect taxes *ad libi-*

tum without regard to the purposes and duties of government. Nor will a wise people, by imposing the burdens of the state on any one class, lay the foundation for a claim by that class to rule the state.

Exactions of money, goods, or services not proportioned to public uses and not apportioned to private ability and interest are not, in any just sense of the word, taxes. Keeping this in mind let us examine Mr. George's position. The disciples of this teacher are insistent in season and out of season in commending the book *Progress and Poverty* as containing the whole gospel according to Saint George. It is, indeed, a notable book. The author has a happy art of elucidating abstruse economic doctrine by ingenious statement and happy illustration. His literary style is forceful, graphic, and generally chaste. The best qualities of the man, his ardent love of humanity and his burning desire to be of present service to all who toil and moil, shine on every page, but, I am forced to add, these merits only throw into strange relief the fallacy of his reasoning. One can not but regret the mistaken direction of splendid gifts. The fundamental assumption of this book is the one suggested by the title that human progress, under existing conditions, is necessarily accompanied by poverty, deepening, widening, irremediable poverty. This point we will not argue now. We will grant it for the moment. After laboring through several chapters with technical discussions of wages, interest, capital, and the population question to clear his way, Mr. George at length offers us the sole reason why poverty keeps pace with progress; that rent (i.e., land value) is always on the increase at the expense of wages. Landlords must always, if present institutions continue, be growing richer at the expense of labor. Well I will not now contend about this. We may agree that evils exist, and disagree as to remedies.

Addressing himself to the question of remedies our genial apostle argues in detail that the following proposed remedies are of no avail, against the impoverishment of the people.[8]

1. Greater economy in government
2. Better education, and improved habits
3. Combinations of workmen
4. Coöperation of labor and capital
5. Governmental direction and interference

6. More general distribution of land

To these remedies, proposed by men as wise and philanthropic, perhaps as Mr. George, he will allow no efficacy, not even a modifying or mitigating efficacy. They block the way, he declares, to the bringing in the sole and single remedy for poverty and its attending misery and crime, which he carries in his medicine case. On page 295, he states this remedy frankly in loud italic type "*We must make land common property.*" This is the bottom doctrine of the single tax men. This is the gospel according to Saint George.

In book seven, the author of *Progress and Poverty* proceeds to argue:

1. that private property in land is unjust;
2. that its ultimate result is the enslavement of laborers;
3. that private land owners have no claim on society for compensation for lands they pretend to own, because they are either robbers, or the successors and grantees of robbers.

On page 322, he says, "Private property in land is a bold, bare, enormous wrong like that of chattel slavery." Unsubstantial as such propositions may be, I can not turn from my present purpose to deal with them. Private property in land is, in Mr. George's opinion, the sole cause of (I quote)

"Want and suffering . . . . among working classes . . . .

"Industrial depression"

"Scarcity of employment . . . ."

"Stagnation of capital"

"The tendency of wages to the starvation point."[9]

For these vast, complicated, perennial, and appalling evils he sees but one remedy; a panacea, a patent ointment, a wizard oil, and that—"Common property in land." How then shall we compass it? he feels bound to inquire. I quote from his reply "We should satisfy the law of justice, we should meet all economic requirements, by at one stroke abolishing all private titles, declaring all land public property, and letting it out to the highest bidders in lots to suit, under such conditions as would securely guard the private right to improvements."[10] "But such a plan, though perfectly feasible, does not seem to me," Mr. George continues, "the best, or rather I propose to accomplish the same thing, in a simpler, easier, and quieter way than that of formally confiscating all the land and formally

letting it out to the highest bidders. . . . . I do not propose [he proceeds] either to purchase land or to confiscate private property in land. The first would be unjust; the second, needless. Let the individuals who now hold, still retain if they want to, the possession of what they are pleased to call *their* land. Let them continue to call it *their* land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we take the kernel. It is not necessary to confiscate land; it is only necessary to confiscate rent."[11] Here we have it, the core and essence of the single tax philosophy. Confiscation, frankly and boldly, confiscation, Mr. George proclaims to be his aim.

Now confiscation and taxation are not the same thing, they are diverse and irreconcilable things. Taxation implies proportionment to public uses and apportionment to private ability and interest. Confiscation means forfeiture, transfer by force and arms to the public treasury, without any reference to, or regard for, the public needs. Mr. George will be personally content with proximate confiscation of rent, because he knows it leads to ultimate confiscation of land. He does not like racket and disturbance, and personally chooses the simple, easy, and quiet way of confiscating rent instead of an honest, thorough, rough-and-ready plan of universal eviction. A very important question arises here. It has many times happened in the history of evolutions that the early leaders, alarmed at impending consequences, unexpected, at some crucial moment, shrink from the logic of their premises, turn conservative and the command passes to less scrupulous men. Mr. George seems to be such a leader. He is now engaged with all the passion of a saint and a devotee, in persuading the poor, that their poverty proceeds from the private ownership of land. He tells wage workers, that landlords are robbing them and will go on robbing them to eternity, unless they smash the institution of private property in land. He is earnest, eloquent, continuing instant in his holy crusade. Suppose Mr. George to be successful in rallying to his cross and banner enough thousands of the working men of America to carry his revolution at the polls. Does Mr. George offer us any guaranty that he will then be able to control the wild spirits which will surround and support him? Will he be able to curb their wild ardor and persuade them to adopt

the easy, simple, and quiet way of doing the deed? The history of great social revolutions offers no hope of such a consummation. When you break the dam and let the waters loose, no human power can stay their course. But Mr. George not only desires to spare his fellow countrymen the unpleasantnesses which would attend the turning of everybody out of doors and putting all our homes up at auction, he is so tender and amiable that he will not even scare the good people with a naughty word. That word confiscation, a truly horrid malodorous word, he hastens to suppress, by another which can hold up its head in any respectable circle. Hear these comfortable words: "What I, (Henry George) therefore propose, as the simple, yet sovereign remedy, which will

raise wages
increase the earnings of capital
extirpate pauperism
abolish poverty
give remunerative employment to whoever wishes it
afford free scope to human powers
lessen crime
elevate morals, and taste, and intelligence
purify civilization to yet nobler heights

is to *appropriate rent by taxation.*"[12]

Is it honest, Mr. George, to say taxation when you mean confiscation? Can you fool the four million farm owners of this land and get them to make believe they own those homesteads after your confiscating machine shall have knocked all exchange value out of land? Will they not understand as well as you do that "this simple device of placing all taxes on the value of land" will "be in effect putting up the land at auction to whoever" will "pay the highest rent to the state?"[13]

Mr. George's disciples in this region are now laboring to show that confiscation and taxation do not differ, that the state confiscates, when it taxes. Have they lost the power of understanding ordinary language? In all this fine talk about appropriating rent by taxation, there is no suggestion of limiting the collections to the public needs. The proposition is to confiscate the whole rental value. I quote: "In every civilized country, even the newest, the value of land taken as a whole is sufficient to bear the entire expenses of government. In the better devel-

oped countries it is more than sufficient. Hence it will not be enough merely to place all taxes on the land. It will be necessary, when rent exceeds the present governmental revenues, to commensurately increase the amount demanded in taxation, and to continue this increase as society progresses" . . . this is "understood in the proposition to put all taxes on the value of lands."[14] Call you this, taxation? The arming your government with power to collect from year to year sums of money in excess, to begin with, of the present public uses, and increase from year to year and generation to generation? "There would be a great and increasing surplus revenue," adds the author of *Progress and Poverty*, "from the taxation of land values, for material progress . . . would tend constantly to increase rent. This revenue arising from the common property could be applied to the common benefit, as were the revenues of Sparta. We might not establish public tables, they would be unnecessary" (query?) "but we could establish public baths, museums, libraries, gardens, lecture rooms, music and dancing halls, shooting galleries, play grounds, gymnasiums, etc. . . . We should reach the ideal of the socialist . . . . Government would change its character and would become the administration of a great coöperative society.[15]

The government will never exist, I submit, which any free people will entrust with a power to raise surplus revenue increasing annually to all eternity.

The language of Mr. George's addresses in this vicinity, though ingenious and guarded, is entirely consistent with that of his book. He used no such naughty word as confiscation; that would have shocked people. But he spoke of a tentative and entering wedge, and dropped mysterious suggestions of a theoretic perfection to be at length attained to. His theoretical perfection "we now understand to be the actual or the virtual confiscation of land and making it the common property of the state." As reported in the daily papers, Mr. George also said, "No one ought to be permitted to hold land that has a value" and "I think it necessary to take the entire rent value of land in order to fully carry out the justice of the single tax."

I trust I have made good my promise to show that the scheme of a so-called single tax on land values, as proposed and advocated by Mr. George is not in the proper sense of the word a

scheme of taxation, but is simply a device to work the destruction of the institution of private property in land, to change the character of our government, and work a revolution in society, whose consequences no human intelligence can foresee. These purposes Mr. George boldly avows. I wish all his followers had equal courage and better sense.

The hour is passing. There is no space to enter on a defense of private property, nor am I now called upon to apologize for ownership of homes and farms, and gardens and orchards. Private property in land is an ancient and venerable institution of gradual historic development. It is not a theory, but it has a foundation on solid facts and reasonable principles. Mr. George is half right, that is all wrong, in basing property right on human labor alone. Men own what they make; and this means to him the same thing with men may not own what they do not make. Men make canoes, plows and looms; therefore they may own canoes, plows and looms. Men do not make land; therefore they may not own land. What kind of logic is this? Let us try some more examples:

I love my wife and children; therefore I hate all the rest of mankind.

A tax on land is a good tax; therefore all other taxes are bad.

There is dishonesty in working the personal property tax; therefore there will be none in working the single land tax.

All teachers, preachers, statesmen, and philosophers have failed to abolish sin and wrong; therefore Henry George can do it.

These open and apparent fallacies are of a piece with Mr. George's logical jingle; arguments just as valid as his.

Ownership is a fact founded partly on individual claim, partly on social claim. Men own what they make if the laws allow. Some counterfeiters make, i.e., create, very beautiful plates for printing national banknotes, and the impressions are only distinguishable by reason of their superior elegance. The United States marshal takes possession for all that, and brings the makers to answer at the criminal bar. Property law supports private right, in the act of asserting coördinate social right. For ages the institution of property in land has made its way. Its origin marked the emergence of men out of barbarism into civilization. Savages and barbarians everywhere are communists in land. Hunting, fishing, and pastoral life

make them nomadic. Civilized men settle on the land, and live by cultivation. The state begins when settlements begin. Long experience has shown that secure tenure is essential to good cultivation. Tenants at will rob the soil and impoverish the state. Owners in fee plow deep and beautify for posterity. Land lying remote and waste is, of course, without value. Land, appropriated, enclosed, subdued, and tilled becomes by the union of private effort with society's magical potency the dearest wealth of man. The very soil becomes the depository of our earnings and savings. This is a priceless blessing to humanity. I care not what the brisk young men, who are shouting for the single tax, may think about this. I will speak for myself and I believe I speak for the great body of men who live upon what they earn. Over in a part of this city there is a little homestead. It stands for the earnings of man and boy, for the little daily self-denials and economies of the wife. It holds the savings of fifty years, a sacred deposit under the constitution of our country, and the immemorial custom of our race, for the shelter and support of a family, should death or disaster overtake its now happy owner. If that owner shall ever in any moment of folly raise his voice, or lift his hand, or cast a vote, which shall knock the value out of that little homestead, may his right hand forget her cunning, and may his tongue cleave to the roof of his mouth. I am not here to apologize for abuses of property or the imperfection of our existing ways and means of taxation. They need reform. Every serious proposition to that end deserves our hospitality. I do not therefore regret the agitation, now becoming extensive, begun by Mr. George. I have no fears that the American people will take the back track towards barbarism. The agitation will stir the air of stagnant public opinion, and lift the fog, and let the daylight in.

NOTES

[1] *Works* 3:260. Boston. 1889.
But Burke was anticipated in the *Hitopadesha* by many centuries.

[2] Alexis de Tocqueville, *De la Démocratie en Amérique* 1:76. Paris. 1864.

[3] *Annual Register* 1887 p. 323; 1889 p. 360.

[4] J. R. Lowell, *Essay on Democracy.*

[5] H. George, *Progress and Poverty* p. 384. New York. 1882.

[6] *Ibid.* 364.

[7] *Ibid.* 296.

[8] *Ibid.* 269-70.

[9] *Ibid.* 362.

[10] *Ibid.*

[11] *Ibid.* 364.

[12] *Ibid.*

[13] *Ibid.* 392.

[14] *Ibid.* 365.

[15] *Ibid.* 410.

SOCIALISM TRUE AND FALSE

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Proudhon, the French socialist, challenged the quiet citizens of his day with the audacious inquiry "What is Property?" To this question he was ready with the more audacious reply, "Property is robbery."[1] The socialists of the Proudhon school held that ownership is always and everywhere unjust. No man can, in their view, acquire title to anything on earth other than that got by the spectator in a theatre; the right to sit and see the show and then depart.[2] Property survived this attack.

Again in our day new assaults hardly less alarming are made upon property. The disciples of Karl Marx demand the abolition of private ownership in land, raw materials, and machines; i.e., all the instruments of production. The state should be sole owner of these, and so the sole capitalist. A body of American agitators led by Henry George, the Englishman, are content to deny the rightfulness of property in land; and propose by means of a scheme of "confiscation of rent" to abolish poverty, extirpate crime, and raise humanity to a lofty level of intelligence and virtue.[3] Such attacks may not seem so alarming as the bolder one of the French socialist, Proudhon, but they really raise the same central question; the property question. The questions "Who may own?" And "What may be owned?" can only be settled after determining why anybody may own anything

The immemorial right of private ownership is thus called in question by so many people, of such respectability, and with such emphasis and ingenuity, that we are forced to deal with it as an open question. Some phase of socialism is sure to be "up" in every social meeting, every public discussion. A number of ministers of the gospel, by no means small, and eminent for learning and devotion are preaching socialism, the socialism of Jesus and the early church as they conceive it. Some of them avow themselves converts to some form of Marxism. An aspiring political party has demanded our votes from a platform of socialistic planks, many in number, and of great social and economic import.

The series of "planks" of the platform adopted by the Omaha Convention of the Peoples' Party, July 4, 1892, included:

The free coinage of silver,
The abolition of national banks,
An elaborate sub-treasury scheme,
A graduated income tax,
Government paper money in liberal amounts,
Government ownership of railroads, telegraphs, and telephones,
Prohibition of alien land-holding,
Direct election of United States senators,
Limitations of revenues to expenses, state and national,
Eight hour working day,
Postal banks,
Liberal pensions to sailors and soldiers,
Regulation of immigration.

Nine planks were borrowed from that of the Socialist Party.

If you examine the questions thus raised you will find them, without exception, property questions. I propose, therefore, that we devote a part of the hour we are to spend together to an examination of the central question, "What *is* property and how has it come to be what it is?" Here, no smart, evasive, question-begging epigram, like Proudhon's "Property is robbery," is of any avail, as a means of reaching the truth.

Let us start with the simple proposition, which the uttermost socialist can not deny, that *Property is an institution.* Property is an *institution.* Let us be sure we know just what we mean here. There is plenty of loose talk about *institutions*; "our free, glorious, time-honored, blood-bought, consecrated institutions" and the like, with but little clear sense, I fear of what that fine word may mean. The word *institution* comes from a root *sta* common to all the languages of the Aryan or Indo-European stock, and the meaning of that root is simply *to stand.* From this root by an intensive prefix *in* and a causative affix *tu* we get the verb *to institute,* with the meaning, to cause to stand, to set up, to establish. The addition of another syllable *tion* gives us the word *institution,* which, in its intransitive sense, means simply that which has been made to stand, that which has been and remains established; with many shades of meaning according to its application; such as to a body of laws, like those of Solon or Lycurgus; to some religious ceremonial like the eucharist or baptism; or a permanent establishment for the diffusion of knowledge, like the Smithsonian Institution.

Institutions are to society what habits are to individuals, and much more, they are the very bond and cement of society.

But for institutions, men would have remained mere wandering savages, contending for life and subsistence with the tiger, the wild boar, and the wolf. To the institutions of language, the family, the church, and the state, we owe all that is meant by the word civilization. Do we? No, we must add the institution of property, and then our broad assertion may stand.

Let us not here make the mistake of supposing that institutions are necessarily good, or that they must necessarily continue to stand forever, when once made to stand. As men form bad habits, so communities set up bad institutions, and both are sometimes slow to die. Fortunately some do die; and polygamy, cannibalism, the murder of captives, slavery, absolute despotism, are institutions which have mostly disappeared. There are other institutions which we can spare, such as the saloon and the bucket shop, the "machine," and the spoils system in politics. These are hard to kill because they are institutions. Fortunately, however, institutions are not necessarily immortal.

We do not then make the blunder of assuming that institutions are to be preserved, simply because they are institutions. We grant that all institutions are to be judged of, and approved or condemned according to their fruits. The socialists bring the institution of property to bar and demand judgment. That is their privilege, but let them remember what it is they attack; an ancient and venerable institution, established before the dawn of history, spreading into all known lands and regions, adapting itself to every form and stage of society, and through all recorded time, keeping step with the advance of civilization. An institution thus ancient, universal, and adaptable, we might presume to be just and useful. But the socialists retort, war, slavery, priestcraft are also ancient and universal. Presumptions do not count. Agreed. Let us waive presumptions and go to the merits of the question, insisting at present on this only: that property as a fact, is an institution, ancient, universal, perennial. Whether we like it or not, at some time we shall be forced to the question, is there any rationale of property? Is that institution in its nature good or bad?

There will be no better time for us than this present hour. The institution of property is attacked in many quarters, but its friends and enemies are still on "praying grounds and interceding

terms." The day may possibly come when arguments will be drowned in the tumult of civil strife. The question is not an easy one, and there is much to discourage one who attacks it. The philosophers from Aristotle to Herbert Spencer have touched it, but with little vigor and unsatisfactory results; all there is to show is a half-dozen theories of property. Let me very briefly name and characterize these theories.

1. *The labor theory*: That men make things their own by putting work into them. This puts the cart before the horse. Men take possession of fruits, wood, metals, land, before putting work into them. They own, before they work.

2. *The occupancy theory*: That men own what they find or seize. But the question is, On what right are occupancy and capture founded? Here we have merely a restatement of the question.

3. *The contract theory*: That at some early time the members of society made a contract or agreement establishing individual property rights on a basis of preëxisting communism. As to this there is no record or tradition even, of any such transaction; and further, if there ever was such a compact, the generation which made it could not bind all nations forever to abide by it.

4. *The positive law theory*: That property rests solely on the authority of legislating bodies. This theory leaves the question just where it finds it. We are still looking for the reason why legislation can rightly establish property. What *ought* the lawgiver to decree, not what *has* he decreed, is the question.

5. *The theory of economic necessity so-called*: That unless men can own, they will not work nor save. A glance at existing society disproves this necessity. Ownership is indeed a powerful stimulus to labor, but it is not the cause of labor. Men work to live, not to own.

6. *The natural right theory*: That man was made by the Creator to appropriate from the storehouse of nature, as a condition of life and development. I think this theory to be true, but it is, as I hope to show, but half the truth.

A single grain of wheat in many barrels of chaff, is all that remains. At best we have only a half-truth. I know it is a presumptuous thing for any man to propose anything novel in philosophy, and I hasten to say that in the following brief ex-

position I hope merely to arrange accepted doctrines in such a way as to support and correct one another. Our patent right, if it shall be accorded, covers merely the combination of the elements, heretofore left in fruitless isolation.

Here are we, a company of serious-minded people, sitting down together to reason about one of the greatest interests of mankind. This very fact, this mutual invitation, involves, postulates, logicians would say, another fact, which we, at least, can not question. In saying to one another, "Come let us reason together," we concede, each to all the others, the right to be, or if you like the statement better, each of us relinquishes all claim to deny the right of any other to live, as long at least, as the debate may continue. Any proposition to discuss property postulates, concedes the right of the parties to remain in existence. Otherwise there would be no occasion for interchange of views. You must grant that the man you are arguing with has the right to live and to continue living. Here we have a bit of solid ground under our feet, the indisputable right of men generally, of reasoning men, to live. This concession carries a great deal with it. It means a right to standing room on the earth, the right to reach out and seize for the support of the human body some amount of various solid, liquid, and gaseous substances. Man to live must have air, drink, and food. These do not commonly all exist in one place. Hence there must be a right of locomotion, for a man to go where these substances or some of them can be obtained. In the planetary economy but few kinds of food are furnished by nature in a form fit for use. They must be cultivated, gathered, threshed, shelled, skinned, refined, cooked, and served. From the fleeces of animals, the bolls of the cotton plant, from the stalks of the flax, and from many other sources, must be gathered the ultimate fibres which when spun and woven and fashioned into garments clothe our bodies. The materials for our housing must be extracted from the rocks, from beds of ore and clay, and from the forest. They must be assembled, and transformed in many ways by art and man's device. Hence the right to exert the physical powers and members in all such processes can not be denied. This means the right to labor, and the right to labor follows (not precedes) the right to appropriate.

A late French philanthropist, M. Godin, has said, "In humanity the coefficient of life is labor. Life and labor are the supreme law for man, for life and labor are one. Man has life wherein to labor; and to labor is to accomplish the law of life."[4] This enthusiastic statement though exaggerated it may be in expression, is, I believe, essentially true. The human powers and faculties are meant for use; and man has the right to exercise them, a mere empty right unless preceded by the right to appropriate. Further, in consequence of the fact that our earth whirls daily on an axis aslant to that of the sun, while circling yearly around that central luminary, we have the alternation of day and night, the succession of the seasons, and the establishment of great climatic zones. Clothing and shelter are accordingly "generally necessary" to human life. The vicissitudes of wind and weather impel men to lay by in store, and we call the goods so appropriated and housed up "provisions"—things foreseen. It is necessary in almost any zone to lay by in store for nights and winters, and even for periods of stormy weather. Some of the brutes do this, and it is interesting to observe here, that the institution of property finds its prototype, if not its very beginnings, in the provident economy of the ant and the bee, the squirrel, and even the lowly angleworm. If men then, are to live, and we who have agreed to reason together, can not deny that, if men are to live, they are to take and to keep. "Property" to use a lawyer's phrase, property "runs with" life. Into the mouth of Shylock in the *Merchant of Venice*, our great dramatist puts these words:

> "You take my house when you do take the prop
> That doth sustain my house; you take my life
> When you do take the means whereby I live."[5]

Here the philosophers of the natural right school stop, content to rest the right of property on the right of the individual to appropriate.

If correctly reported, Cardinal Manning in his last years, gave his adherence to this theory, but I am loth to believe that he would have conceded to any individual the right to appropriate, under all circumstances, according to his own judgment of his necessities. This would be anarchy pure and simple. Let us be careful not to stop at a half-way house and content ourselves with a half truth. Let us go back to our starting

point, a company of serious men reasoning together: and we may observe that the existence of the individual man is impossible except as a member of society. The human species exists in families, tribes, clans, states. The individual man does not exist by himself. In our little society of philosophers each member conceded to all others the right to live and incidentally to take and keep physical substances and to do all acts and functions necessary to life. There are as many rights as there are persons, and these rights are qualitatively equal. No one partner may arrogate so much subsistence as may endanger the life of his fellows. The community now appears asserting its common right to control appropriation. This right, the individual must and does concede. The extreme operation of this principle may be observed in beleaguered fortresses, storm-stayed ships, companies of emigrants, ancient and recent. For an individual in such circumstances to draw more than his allowance from the common store is a crime for which but one penalty is appropriate, because it is a kind of murder. In the execution by Lieutenant Greely[6] of a member of his crew for taking a few ounces of shoe leather from the store of food, we have an extreme example of the awful but probably just application of our principle.[7] This right of society to control individual appropriation, this is the nucleus of socialism in its good sense.

Here we have two undeniable and apparently irreconcilable truths, standing over against each other like fate and free will: The right of the individual to appropriate; the right of society to control appropriation. Like predestination and free moral agency, these two principles do stand opposed, eternally irreconcilable it may be in the forum of metaphysics, but as we hope to show, forever coalescing and resolving one another in the world of life. "I take and keep," says the individual man, "because I need to live." "You may take and keep such things and so much only," says the community, because we all need to live. "My house is my castle, let no man enter without my leave," says the citizen. "The fire is sweeping this way, we must level this house," says the fire-marshal of San Francisco; and a charge of dynamite lays the mansion with its furniture and plate, its gallery of paintings and statuary and all the bric-à-brac of two continents, in a common ruin. "This land is

mine," says a farmer, "and has been tilled by my fathers for generations." "True," say the town officers, "but a school house is needed, and yours is the best corner for the site. We must take your land, whether you like it or not. The town will pay you a fair compensation, for your improvements and interest, though it may not allow anything for wounded feelings and damaged associations." Thus these two principles, individual right and society right ever at war, like plus and minus terms in algebra, combine in a result of some actual value. And, these two principles are equally necessary; annul either, and society dissolves, and men revert to the condition of brutes or something worse. "It is the right of property," says Bentham, "which has overcome the natural aversion of man to labor, which has bestowed on men the empire of the earth, which has led nations to give up their wandering habits, which has created a love of country and of posterity."[8]

But to this should be added, "It is the right of society to control property, which has kept the few from engrossing the natural gifts of this earth, and from enslaving their fellow men." Slavery was but a phase of the property question.

These two principles, individual claim, and social rule, are eternally wedded. Alone, either could wreck society. And whoever, be he cardinal or anti-property apostle, undertakes to establish anything on either principle alone, will find his structure tumbling about his ears. Like man himself, property by which he lives, stands on two feet.

Now let me ask you to recur to my rather tedious discussion near the opening of this paper, upon property as an institution. I had a definite purpose in that exposition. I wished to be understood when I should come to the point where we now are, when I should come to say as I now do, that the institution of property has been developed or evolved by men in the long course of ages as they have been moved and guided by both these principles, individual right and social right.

It is important to observe that the operation of these principles is, however, diverse. The principle of individual appropriation is always at work silently but indefatigably. Each man is always getting, on the plan of Eggleston's old woman in the *Hoosier Schoolmaster*, "when you're a-gittin', git a plenty." But social regulation works spasmodically and intermittently.

While society, like the lion in the fable, slumbers, the tireless hunters weave a network of toils around her. At length she awakes with a roar and tremendous gymnastics to burst the rope yarns which were meant to enslave her. Such outbreaks are always alarming. Timid property owners see vested rights threatened and the state itself in danger. Sometimes there ought to be alarm. Vested rights in hoarded magazines of food, in human flesh and bones ought to be in danger. Is it not now easy to see that there is another socialism than that we began with, a better socialism which consists in the exercise at suitable emergencies, by proper agents, under proper forms and safeguards, of the immemorial right of society to control the institution of property? In a good sense, we are all "socialists." Any society is necessarily "socialistic."

This exercise of the right of the community is far more frequent and extensive than we commonly think. What, let me ask, is the whole body of our property law, but the definition and exercise of this right? Let us illustrate by reference to some of the laws relating to real estate.

The Constitution of Minnesota declares the dominion of the landowner to be absolute, and not that of a feudal tenant.[9] But ownership in land is nothing without title. The owner must be prepared to exhibit his chain of conveyances or the public record thereof, as prescribed by law. If an owner wishes to transfer his land by sale or gift, the law requires him to make and deliver a deed in proper form. If an owner die without disposing of his lands, the law prescribes to whom they shall descend. If he please to make a will, he must conform to the technical requirements of the law as to signature, witnesses, and perpetuities. The illustrations of the social regulation of property in the domain of personality are so numerous one hardly knows how to choose. In general we enjoy under our constitution, wide liberty in the ownership of chattels, and the owner has absolute dominion. But there are some forms, such for instance as dies for printing United States notes, which no private person may possess. There are others, such as gambling utensils and intoxicating liquors, which may be freely owned, perhaps, but which can be exchanged and dealt in only under stringent public regulation.

We have on our statute book a law known to lawyers as the "Statute of Frauds," which has for its principal object to determine and prescribe how contracts shall be vouched and ratified. Contracts to convey lands are absolutely void unless in writing. Sales of chattels over $50, are also void without writings, unless consummated by immediate delivery of goods or payment of price in whole or part.

These are simple and familiar provisions, but Chancellor Kent in his *Commentaries* says of this Statute of Frauds, that "it carries its influence through the whole body of our jurisprudence and is in many respects, the most comprehensive, salutary, and important legislation on record." At every turn the law governs transactions in personal property. Whether you wish to lend or to borrow; to appoint an agent or act as one; to enter into a partnership; to buy or sell; to insure your house or life; to ship goods by rail or water; to draw a promissory note or a bill of exchange; or do almost any act or thing relating to personal property, the state as the agent of society steps in and regulates your action. If you find lost personal property, the law regards you as a trustee, and holds you responsible as such.

Penal Code of Minnesota recites, "A person who finds lost property under circumstances which give him knowledge or means of inquiry as to the true owner, and who appropriates such property to his own use, or to the use of another person who is not entitled thereto, without having first made every reasonable effort to find the owner and restore the property to him, is guilty of *larceny*."[10]

The law will not allow you to abandon your property and run away from it, if the stuff abandoned creates a nuisance, or causes public or private damage. Property means responsibility to society. Owners are trustees. When private property is "affected by public interests it ceases to be *privati juris*" said Lord Chief Justice Hale two hundred years ago.[11]

And the Roman law lays down this definition "*Dominium est jus utendi et abutendi re sua, quaetenus juris ratio patitur.*" "Dominion is the right of using or abusing one's own, so far as the reason of the right extends," and society decides upon that question.

Property, it is hardly going too far to say, is a *trust*, and society is its *guardian*.

Shall we not now agree that the social regulation of property

is as real, as necessary, and as much to be desired as the equally real and necessary right of the individual to acquire property? Shall we not stand by the institution of property, as the outcome of the interplay of contending individualistic and socialistic forces through many ages? As in the past, so in the future, this institution will be molded and adjusted to suit changing historic conditions. When in the past the state has unduly extended her control over property, a democratic revolution has restored the equilibrium. When individual activity has pressed too far, the law has been invoked to repress it.

We are at this moment in the very article of one of these epochs of adjustment. The last century has been one in which individualism has had a scope, perhaps unequalled in all previous history. The steam engine, the power loom, the spinning mule, the steamboat, the railway, the telegraph, the magneto-electric machine, and many minor inventions have given man a mastery over space, time, and the elements, beyond the dreams of Paracelsus or any reader of the stars. To apply these tremendous agencies on a great scale, modern governments have created artificial persons, called corporations, and conceded to them powers and franchises of untold value. During the last century, society has been calling out to men, "Go out into all lands, dig and delve, buy and sell, invent machines, gather gold and silver, seize on provinces. All, all you can find or get shall be yours and your children's forever." All this is a petulant reaction from the policy of the preceding centuries to limit and repress individual action and enterprise. We have just awakened to find ourselves in the toils woven round society during a long and unsuspecting sleep. We awake to see corporations stronger and richer than states and cities, buying up legislatures and city councils as we hire men to grub and shovel; great fortunes won by merely setting traps and weirs in the stream of social industry, to catch the earnings of other men. We have syndicates and trusts engrossing great lines of industry and commerce, and imposing arbitrary prices on consumers, destroying, without pity, any who attempt competition. We have stock and produce exchanges for gambling in securities and products, conforming so exactly to the customs of legitimate trade that courts and legislatures can not come upon them. Artisan laborers have become a proletariat, as the French express it, to be exploited

by a small body of employers who control the means of production. The self-employing master workman who has worked his way up to a situation of economic and social independence is a rare spectacle, and the arts of his class have been lost in the drudgery of machine-tending. The idea of steady accumulation by industry has almost faded out of modern life. Fortunes in our day are to be won by tricks of trade, by cornering of markets, by seizure of natural deposits, by real estate gambling, and by the promotion of salted mining schemes.

It is high time for *socialism* in the good sense of the word to assert itself. It is high time for *society* to put a check on stock and produce gambling, on mining monopoly, on timber thieving, on land grabbing, on trusts and "combines" of every sort, and to commend to the lips of the purse-proud millionaire that cup of damnation, poured out by him for the public. It is high time for society to assert her claim to some just proportion of the wealth acquired by the use of her lands, mines, forests, water powers, fisheries and rights of way which she has blindly allowed individuals and corporations to engross and monopolize.

True socialism, then, admits these evils, and demands the readjustment of the institution of property to the circumstances of the age. To effect this readjustment it plants itself on the immemorial right of society to control that institution. On this everlasting foundation it will rebuild the old fabric to suit the wants of modern men.

Already has the work of exploration and clearing begun. The Inter-State Commerce Commission, our State Railroad and Warehouse Commission, our Bureaus of Labor and Statistics are collecting data according to which plans for rebuilding may at length be drawn.

An epoch in the history of America was opened when the Conservation Congress of governors of states and others, assembled in the East room of the White House at Washington, D. C., May 13, 1908, pursuant to a call by President Roosevelt. The President opened the conference with an address, sufficient in itself to place him in the highest rank of patriots and statesmen. The discussions, which lasted three days, covered the judicious use and preservation of our mineral, water, forest, and arable resources. Incidentally the need of government control, and limitation of unrestrained and unregulated private activity was brought into view. A large volume of proceedings and papers was published. An admirable résumé of the subject may be found in the

book of Dr. Charles Richard Van Hise, president of the University of Wisconsin, entitled, *The Conservation of Natural Resources in the United States.* (New York, 1910)

But the false socialist—false in the sense of mistaken—(many of them are the most amiable of men) the absurd, the impracticable, the lop-sided socialists, are those who, supposing the wealth of the world to be much greater than it is, believe that everybody would be rich and happy if it were only evenly distributed; who seeing the fool rich, swelling and parading in grand array, and the poor, as they think, sinking into hopeless industrial slavery, lose their heads, and conclude that property itself, and not the abuse of property, is the cause of these evils. "The ship is unseaworthy," they cry, "let us jump overboard." And it's afloat they are, on stormy waters. The one point, the radical point, on which the wild socialists agree is the denial in whole or in part of the right of private property, and the committal of all capital to the custody of society.

The state socialists, our best example, demand the abolition of private ownership of land, raw materials, and machines. They would leave nothing to be owned by individuals, but such shares of subsistence as might finally be apportioned to them by the distributing officers of the industrial state.

With this ultimate aim in view, moderate state socialists (some of them please to call themselves Fabian socialists) come forward with proposals for approximate reforms, which may reasonably challenge attention. They point to the post office, and say "Let the state also own and manage the telegraphs and the railways." They point to the city water and gas supply and propose that the city likewise furnish fuel and ice and free street cars. They observe the supply of school books at public expense, and suggest that the children also have dinners and jackets.

Low-priced luncheons are now served to school children in many American cities.

They find the public school system itself a thoroughly socialistic establishment. "Very good," they say "let us have also free public hospitals where all the sick may be treated, and free graves and funeral rides for all." They find that in many foreign countries mines and forests are owned and worked by the government. It is time, they say, to confiscate to the public use

the deposits and wood lands to which individuals have been allowed to set up a false and utterly unjust title. They see the government operating a vast and complicated military and naval apparatus. By means of appropriate bureaus and departments the government can, they claim, likewise take charge of all the manufactures of iron and steel, wool, cotton, and silk. And I suppose this proposition is far from being impracticable.

But all these things the extreme state socialists propose on the ground that it is wrong *per se* for individuals to own any means of production. With some of these particular propositions, a good citizen may agree. He may admit that the government might wisely and profitably take charge of the telegraph and at length gradually of the railway, that a national forestry system should be established, which would actually or virtually annul private ownership over wide forest areas, that all the mines and deposits in the country should be made the property of the state and worked under public oversight or management. All these and more he might advocate but not, not for the reasons of the state socialists, that property is robbery, and ownership a sin, but on the solid ground of public right to control private property for public good.

Postmaster-General Hitchcock in his annual report for 1911 has proposed the acquisition and subsequent operation of all the telegraph and telephone lines in the country; and the proposition is received by the public without alarm and in some quarters it is heartily welcomed. There is the same argument for government ownership operation of these agencies of communication as for those of the postal establishment.

The state is already armed with all the constitutional authority necessary to such reforms in the control of property as wise and reasonable men may desire. What is needed is wise application of old principles to new circumstances, not destructive revolution; not to scuttle the old ship because there are mutineers and thieves aboard. We are all socialists in a good sense, and can not help being such, and I wish that good socialism may increase and grow in us; the socialism of the golden rule and the common law. We may all accept, especially those of us who profess and call ourselves Christians, may gladly adopt, the motto of the Knights of Labor, "An injury to one is the concern of all." More than ever before in history, are men members one of another. The minute division of labor has made class more dependent on class than ever.

All great industry has become essentially coöperative. Employers and employees are partners, willing or unwilling, in every business.

Being then socialists, because we are human, let us recognize and practice the good there is in socialism. Let us stand for our social right to control the institution of property for the good of each and all. But while doing this we are not to forget nor ignore the equally fundamental right of each one of us as individuals to draw from the storehouse of nature and to take and to keep what is necessary to life and its purposes.

But we must not forget that the social right is subordinate and ancillary to the individual right, because society having served its purpose of forming the environment in which the individual may exist and develop, will at length disappear. A great philosopher has said, "Human societies are born, live, and die upon the earth, there they accomplish their destiny. But they contain not the whole man, . . . We, individuals, each with a separate and distinct existence, with an identical person, beings endowed with immortality, we have a higher destiny than states."[12]

Society, and the state, belong to this world, and shall perish with it. The man belongs to the universe, and can not be destroyed. Whoever holds to any such noble and true view of the human soul and its destiny, can be in no danger of putting in jeopardy that institution of property which guarantees the existence and development of the individual, which offers a field and a motive for the employment of the human powers, which gives to the individual the ability and the means to serve his fellowmen. Property is the mother of frugality, of industry, of independence. And these are the basis of social virtue. Property inculcates respect for rights, for equal rights, and is the core of true socialism. Mine is mine because yours is yours and all is ours. The right of each is the guaranty of all. This is the essence of true democracy, and the ultimate guaranty of liberty. Men will continue to mold and modify the institution of property but they can never abolish it. It "runs with" life itself. As in the old time before us, so to the end of the world the decalogue will both teach and sanction its eternal justice. "Thou shalt not covet thy neighbor's house . . . nor anything which *is* thy neighbor's." Thou shalt not kill; thou shalt not steal: life and property run together.

NOTES

[1] P. J. Proudhon, *Works.* English translation 1:12. Princeton, Mass. 1870.

[2] Cicero, *De Finibus* bk. 3, ch. 20.

[3] See foregoing address.

[4] Godin, *Social Solutions* p. 139. New York. 1886.

[5] *Merchant of Venice* act 4, scene 2.

[6] Afterwards General Greely.

[7] *Report of the Proceedings of the United States Expedition to Lady Franklin Bay* 1:363.

[8] Jeremy Bentham, *Works* 1:309. Edinburgh. 1869.
But Bentham draws from Beccaria, the Italian philosopher.

[9] Article 1, sec. 15.

[10] *Penal Code of Minnesota,* 1885 sec. 425.

[11] See ante. Page 41.

[12] Guizot, *History of Civilization in Europe* New York. 1891. (citing De Royer Collard).

THE NEW ECONOMICS

THE NEW ECONOMICS ·

The Fifth Annual Meeting of the American Economic Association was held at Chatauqua, New York, August 23 to 26, 1892. The president for the year was Professor Charles F. Dunbar of Harvard University. Ill-health and absence prevented him from performing the duties which devolved on the author, one of the vice-presidents. For the opening address, here in part reprinted, he chose a subject in which he was at the time much interested.[1] Readers will observe that although in the course of the quarter-century which has elapsed his expectations have been in some degree realized, problems of first importance in such lines as taxation, transportation, forest and mining policies, public finances, etc. await solution.

It is a common remark that the young man emerging from college needs first of all to throw his books on political economy to the dogs, before he can judge and act with practical sense upon the economic problems which at once present themselves to him as a citizen. "Theory, mere theory, and idle speculation," is the popular estimation of our science, as we fondly call it.

How extreme and unjust this view is we all know, but we must, I think, still admit that there is some color for it. If political economists are brushed aside as visionary and unpractical speculators, there must be a show of reason or excuse for it. Such excuse is not far to seek, for men of three score, who, in the mid-century days, were studying the political economy taught in American schools as a branch of, or attachment to, the department of philosophy. We stood up in our places and recited the text to respectable ecclesiastical professors, who "held the book and looked after." The system made a fair show in the flesh. Its doctrines were marshaled in imposing hierarchical fashion, and followed on in a sequence of parts, books, chapters, sections, and paragraphs. For examination purposes the subject was almost as convenient as geometry, or the syntax of the Greek moods. The most deep and general impression left on the mind of those students was that there were certain "laws of trade," analogous to the laws of physics, which governed things economic with invariable and omnipotent sway. These laws, if they were embodied and could speak, might say of themselves: "Men may come, and men may go; but we go on forever."

I am far from believing or saying that there was not a central core of truth in that teaching—but the mischief lay in the tacit assumption that these "laws of trade" operated on men like the laws of gravity, from without. The economic atom was afloat in the stream, and could move only in the direction of the current. It was an obvious corollary that the results of these "laws" might easily be foreseen and foretold. Above all, it was left to be understood, when not dogmatically inculcated, that the economic atoms must be careful not to rebel against the omnipotence of the laws of trade. No molecular combinations or arrangements could be of any use. *Laissez faire, laissez aller,* the protest of the French merchants against excessive government steering, became the last word in an economic philosophy, or rather the negation of a philosophy.

Laissez faire had gone to seed, and its fruit was ashes. The political economy which began with Adam Smith to consider of the "wealth of nations" had degenerated into speculations upon the probable conduct of hypothetical economic atoms, under the operation of forces beyond their control.

"The war notifies us that *laissez faire* is dead. The nation that killed it now threatens to build world empire on the others that did not know it."[2]

I do not need to inform this audience that upon this darkness a day star has already risen, and that a new political economy has been born, of which we may cherish moderate, but well-grounded hopes.

The new political economy is not a branch of moral philosophy; it is a branch and constituent of sociology—the science of the social man. The location of political economy in the province of sociology involves consequences of the greatest moment.

At the first glance the object of economic investigation is seen to be the actual behavior of human society as it passes before us, posted at the economic standpoint, in historical review; not the possible behavior of abstract economic atoms acting under supposed conditions, which may never have existed.

There is no longer any concern about "the economic man," there being no economic man separated from the living human creature as he stands in actual relations to the social and political groups in which he exists and to the natural world about him.

The springs and motions of economic activity lie, then, in the whole complex life of a people. Subject to the conditions of nature, men do and get what they desire to do and get. The primary question in economics is, What are the needs, wants, and desires of a people? In the new economy that has begun to be, the topic of consumption, by Mill entirely shut out of the science, and by most unduly subordinated, will have the leading chapters.

"Consumption," said Jevons, prophetically, "is the dynamics of political economy." To write political economy without founding it on a discussion of the needs, wants, and desires of men, is like "making watches without mainsprings," to borrow a figure which Lowell applied to socialism.

The assignment of economics to the domain of social science has a decisive effect on the choice of method.

It will be admitted here that the deductive method was overworked by those early economists who regarded and taught their science as a branch of moral philosophy, and it is no slander to say that most of their successors have followed their example. The political economy which undertakes to account for any part of the activities of human society can not begin with postulates nor continue by deduction. It must begin with observation and record. Hypothesis must succeed hypothesis until generalizations are reached which satisfy the understanding.[3]

The social sciences can flourish and develop only on a soil prepared by the statistician. Sir William Petty and Arthur Young understood and appreciated the importance of "political arithmetic" as clearly as any of their successors, but only meagre collections were possible in their times. So long as observations were of men and things in the lump and on the wing, generalizations were, and had to be, casual and uncertain.

A modern free state must, of course, and from the first, establish and put into operation its revenue, administrative and police functions. The very next thing, in my judgment, should be the organization of its statistical establishment. The people should demand the opening of a great people's intelligence office, to collect and diffuse the results of their economic history as it is made from day to day, for the advantage of all. There ought to be no delay on the part of Congress in merging existing

elements into a national department of statistics, and placing at the head of it the one man, whose name is already on your lips, and whose life will, I trust, be spared to train more than one disciple fitted to carry on the work which he has pioneered.[4]

I turn now to another consequence of the assignment of economics to the domain of sociology, which is cardinal. The discussion I desire to offer will be in some degree corrective of statements already made, whose immediate effect I hesitated to weaken by limitation and concession.

In a brief paper which was accorded a reading at a previous meeting of this Association, the suggestion was made that the relations of human society fall into three natural subdivisions, the social, the industrial, and the jural or political. This triple analysis seems to be exhaustive, and each category logically exclusive of the other two. Still, it needs ever to be borne in mind that in the world of fact these relations blend, and interlace, and interfuse interminably.[5]

The economist, donning the philosopher's magic spectacles, seeks to isolate from the maze the industrial relations. The wonderful glasses do enable him to do this, but only to show them on a background of the other relations; and this background, if I may be permitted to work the optical figure with some freedom, is double, according as the industrial group is tinted on the one hand by the social, on the other by the jural or political. The field of view exhibits, therefore, two limbs or hemispheres—the socio-economic and the politico-economic.

This dichotomy seems to me to be fundamental in political economy.

The history of economic doctrine shows these two hemispheres to have been recognized, but alternatively or successively, not as co-existing and uniting on a median line to form a complete body.

My contention is for the recognition and development of a science of public economy.

It is time to suffer our eyes, so long color-blinded, to behold the politico-economic hemisphere, which has all the while lain before them, but unseen. It is this one-sided development of economics which has placed its devotees at a disadvantage, and so often rendered them unwise for counsel and helpless for action, in public affairs.

Since the close of the formative era of our national life, say with Monroe's administration, all the great national issues have been economic. Such were the tariff, the slavery question, at bottom, and the various monetary questions that have arisen, culminating in the "silver question" of to-day.

Such issues multiply upon us. The platform of a reform party lately contained more than twenty planks, all but two or three economic planks. The issues of the pending campaign are purely economic in their nature, and it is indeed pitiable that our science is in such a state and in such repute that it can contribute but slightly to the decision.[6]

The claim which the country has upon her economists may be sufficiently illustrated by two special and one general consideration, to which I will but briefly refer. The first is that of land. The public land policy of the nation has had for its central idea that of getting the arable lands of the country into the possession of small holders, themselves the cultivators. To this policy is due, without doubt, in great part, the wealth, intelligence, and happiness of our rural people. But there is a cloud hardly as big as a man's hand now rising on this peaceful horizon—the beginning of a process which tends to supplant the traditional American small holding by the bonanza farm, owned by a corporation, and worked by hirelings. The "promoter" is already showing his skillful hand in the exploitation of capital and labor upon land. The danger referred to is all the more threatening in view of the revolution which electricity is likely to work in agriculture.

The bonanza farms then in mind, of hundreds or thousands of acres, often including alternate sections of railroad lands, have turned out to be ephemeral, because of the rapid exhaustion of the soil by continuous single cropping. But large farming by means of machines still looms as a danger. It is much to be hoped that the cheap but effective tractors propelled by interior-combustion engines, not thought of twenty-five years ago, may enable the small farmer to survive. When our rural population becomes more homogeneous, and less migratory, coöperation may render small farming the more profitable, and J. S. Rankin's dreams may come true.

Our public land policy has made but slight account of lands not arable. The vast mineral deposits of the country—vast beyond imagination—were simply left to be the prey of the adventurous and lucky prospector. That simple plan served

well enough when it applied to the inconsiderable deposits of the Atlantic sea-board, before stone coal had been utilized for fuel. It is not working so equitably in these days when a few millionaires, under protection of laws adapted to a state which knew not millionaires, nor corporations, nor promoters, are permitted to seize, and without rendering any substantial equivalent, to engross the untold wealth stored up in the primitive formations which environ Lake Superior and form the mountain masses of the great West of to-day.

There was a railway belonging to Wright and Davis, Michigan lumber men . . . they owned somewhere in the neighborhood of 25,000 acres, that were particularly well situated on the range . . . We bought the whole outfit [for $4,050,000] . . . It became my property . . . . About a year after I turned them over to the Lake Superior Company . . . for the benefit of the stockholders of the Great Northern Railway Company . . . I was paid back the money that I had paid for these properties with 5 per cent interest. All the available ore on the American continent that I know of, . . . is owned by people . . . I think . . . the explorations [of the Wright and Davis purchase with some additional acquisitions] have shown something over 400,000,000 tons . . . There are 1,300,000,000 according to the tax commissioner's report . . . I should say 300,000,000 were held by outside owners; 400,000,000 by us; and [the remainder by] The United States Steel Corporation.[7]

The "laws of trade" are a stale and exasperating joke to the millions of people, using the anthracite coal of the Alleghanies, when they know that the price of such fuel is or may be fixed for them by a clique of a half dozen "magnates."

The same kind of thing is going on with our remaining forest lands. Under the operation of laws intended to protect and foster actual settlement and the establishment of homes and home industries, the lumbering corporations are acquiring title to vast provinces of timber lands, and have already formed the combinations which enable them to dictate prices to consumers.

"The remaining supply of standing timber in continental United States (excluding Alaska) is now about 2,800,000,000,000 board feet of which 2,200,000,000,000 board feet is privately owned. . . . Three holdings (The Southern Pacific Company, The Weyerhaeuser Timber Company, and the Northern Pacific Railway Company) include no less than 11 per cent of the privately owned timber of the entire country. . . . The eight largest holdings together own approximately 15.4 per cent of the total privately owned timber in the country . . . three hundred and eighty-five holders control 55.6 per cent."[8]

A further instance of the operation of the land policy, adapted to out-grown conditions, is found in the arid lands of the great West. These lands are not infertile; they only need the water now running to waste down the mountain ravines and canyons to produce with an abundance and a regularity marvelous in the eyes of the eastern farmer, whose rainfall may fail him when failure is ruin, or drown out his crops with ill-timed generosity. The law of supply and demand does not offer any promising solution of the problem of impounding and distributing these life and wealth-giving waters. A statute of the state of Montana, granting title to the man who first dams up and leads away for irrigating purposes the waters of a stream, has already begotten a wilderness of law suits, to the great comfort of Montana attorneys, but also to the sorrow and cost of Montana farmers.[9]

I can barely mention here, as an item of kindred interest, the engrossing of vast ranges of pasture lands in the western mountain regions by "combines" of ranchmen, who buy up slight fringes of lands along the water courses.

Need more be said to show that a new and juster public policy of land must be devised and established?

Next to the land policy (and perhaps next above, rather than next below) stands the labor policy of the nation. *Laissez faire* was good enough and simple enough forty years ago, when "labor" meant the single hired man of the small farmer, or the little group of journeymen and apprentices, who wrought side by side with their master in the little shop of a small manufacturer; and when "capital" meant the savings and pinchings of years of toil and self-denial.

The arrival of large production, and the massing of vast capitals by exploitation, and the enormous increase of the labor force of the country from foreign sources, has changed that idyllic state of things.

In the changed condition of our industrial state, the relation of the individual workman to the great employing corporation—I venture to suggest—is not simply that of contract terminable at the caprice of either party. The conditions of free contracting fail; freedom of movement, wide and active competition for labor between employers, the possession of a complete art or trade by the artisan. This is a hard proposition to demonstrate, but its substantial truth is felt deep in the hearts of thousands

of toilers—and earnest friends of "labor," viewing the disadvantageous situation of the modern artisan in large establishments, endeavor to characterize it by the striking but extravagant term "wage-slavery." For protection and mutual aid labor long since resorted to its ancient device of combination, and the trades union came to stay as long as large production and large capitals shall last. No one who understands the history of economic movements can deny the great service wrought by labor organization. But for it "wage-slavery" would have become a fact, as it is now only a tendency. Nor will it, on the other hand, be denied that this service has been rendered at the cost of enormous self-caused sacrifices, and suffering among the laboring people, and great inconvenience and damage to general society.

Shall we not make every effort which ingenuity may suggest to work out a public policy of industry, which shall establish justice between the working man and his employer, and also ensure to society domestic tranquillity? In some of our states, laws have been passed to regulate the party caucuses, thus bringing party politics under the operation of the law.[10] On the same principle may not the law interpose to regulate trades unions and to restrain them within proper limits? There is no more sense in the stoppage of traffic on railway systems, because of disagreements as to working hours and wages than there would be in leaving steamers to drift in mid-ocean, because the crews did not like the flavor of their dunderfunk.

"Ninety-four per cent of the 400,000 railroad workers voted for a strike if the carriers should fail to grant their demands. . . . The president appealed to the brotherhood heads to have the strike order for Labor day rescinded, but was told that the order was beyond recall. The impending strike was averted September 2 by the passage of the Adamson eight-hour bill. . . . The Adamson eight-hour bill passed the House September 1, 1916 by a vote of 239 to 56, and the Senate by a vote of 43 to 28. . . . In both houses the measure was signed within a few minutes after the final vote in the Senate, and it was at once sent to the White House where President Wilson signed it at 7:30 o'clock Sunday morning . . . Three hours after the measure passed the Senate the heads of the four great railroad brotherhoods cancelled the strike orders which were to have taken effect on September 4, 1916."[11]

Trades unions will at length come under the law and will be all the more beneficent for so doing. The suggestion, which is heard of late, that in some lines at least, membership be made obligatory, seems worthy of serious consideration. In working

out a public policy of labor, the beginning might properly be made with some of those industries which have been engrossed by capitalistic combines, or are natural monopolies. Whenever a combination seizes upon such an industry, acquiring the natural deposits of material, the only right of way, and the whole plant of the business, rendering competition impossible, it has by those very acts ceased to be a private concern. It has made itself agent and trustee of the public, and subjected itself to public visitation and control. This is good common law.

There is a large body of most earnest souls who despair of the economic amelioration of humanity on its present line of advance. Freedom of contract has, they say, found its logical outcome in the corporation and trust, which annul competition. Individualism in things economic has wrought the devil's own ruin, and must give way—give way to socialism, by which they mean the collectivistic state, which state is to be sole proprietor, sole capitalist, sole employer.

Could such a state be organized and operated it would establish a most galling, suffocating, deadening slavery. But it will never exist, except in the romances of amiable enthusiasts.[12]

For all that, there is good in socialism, when tempered and moderated by due admixture with individualism. The socialistic principle is capable of far wider application in human affairs than has yet been made, and will in the future be given a development in institutions which, could we foresee it, would surprise, perhaps alarm, us all. The modern division of labor makes classes and individuals more dependent on one another than ever before. The problem for the economist of the future is that of so conserving public interests as not to paralyze private energy; to gain for society all the advantages of brotherhood without sapping and withering manhood. Brotherhood on the basis of manhood, the burden of Burns' glorious song, is both the guiding principle and the final—but we must fear very distant—goal of human progress.

"Then let us pray, that come it may
  As come it will for a' that;
That sense and worth, o'er a' the earth,
  May bear the gree, and a' that,
For a' that, and a' that
  It's comin' yet for a' that.
When man to man the world o'er
  Shall brothers be for a' that."

NOTES

[1] American Economic Association *Publications* 8:19-40.

[2] *American Economic Review* 8:15. Presidential address of Professor John R. Commons at the Thirtieth Annual Meeting of the American Economic Association, 1917.

[3] See W. S. Jevons, *Principles of Political Economy*, London, 1911, pp. 16-22 and *Theory of Political Economy*, London, 1911, p. 39.

[4] Colonel Carroll D. Wright, for many years United States Commissioner of Agriculture and charter member of the American Economic Association.

[5] American Economic Association, *Publications* 4:383.

	Fields	Sciences
SOCIOLOGY	Ethical, . . .	"Social Science"
	Industrial, . . .	ECONOMICS . . . . . { PRIVATE / PUBLIC
	Jural, . . .	Politics

[6] Platform of the People's Party adopted at the convention held in Omaha, Nebraska, July 4, 1892. See any large city daily of the time.

[7] Hearings before the Committee of Investigation of United States Steel Corporation, House of Representatives, 1912. Testimony of James J. Hill, 4:3155, 3160, 3162, 3168-9, 3106, 3206, 3236. The facts illustrate the colossal stupidity of our national mining policy, as well as Mr. Hill's magnanimity. On page 3194 the holdings of the Steel Corporation were placed by Mr. Hill's attorney at 700,000,000 of tons.

[8] Department of Commerce and Labor, Bureau of Corporations, Part I. *The Timber Industry*, 1913, 1:12-13. See Chapter VI, Public Land Policy a Primary Cause of Consolidation of Timber Ownership, 215-271.

[9] See John R. Commons' address as cited *ante*, page 14, for unanticipated evils growing out of the Government Reclamation Policy.

[10] See *The General Statutes of Minnesota*, 1913, sections 335 and following for the existing law providing for "Nominations by Direct Vote." It was first enacted in 1905 and has been repeatedly amended. Although it has been severely criticized no legislature has yet ventured to reinstall the "machine" which it was intended to abolish.

[11] *Information Annual*, 1916, p. 481.

[12] Herbert Spencer, *Coming Slavery*.

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